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Impending Railroad Problems

An Interesting Interview With President S. M. Felton of the Chicago Great Western Railway—Physical and Financial Condition of American Railroads as the Government Returned Them to Their Owners—Present Facilities Inadequate to Meet the Demands of Transportation—Constructive Legislation by Congress Must Be Supplemented by the Cooperation of All Interests in Order to Meet Existing Conditions

By George E. Allen

PRESIDENT S. M. FELTON of the Chicago Great Western Railway a few days ago favored me with an interview on the problems that confront the railroads under private operation. Mr. Felton's opinions are particularly valuable for the reason that he is an expert in the rehabilitation of railroads depleted physically and financially. Thirty-odd years ago he introduced operating methods on the Erie that subsequently made its development possible. Since that time he has rendered similar service to the Queen & Crescent, the Chicago & Alton, the Mexican Central and the Chicago Great Western. During the war as Director General of Military Railways he served the government in the solution of the problems of military transportation in France. Mr. Felton has never cultivated publicity, but he is known among railroad men as a past master of reconstruction who can make the maximum of bricks with the minimum of straw.

Mr. Felton realizes the fact that the return of the railways to private operation presents many new problems to railroad managements, the Interstate Commerce Commission and the public. Perhaps the most difficult problem of all will be to give service within the next few months, and even years, that will not cause the public to become extremely impatient. Some years ago there was much criticism of the management of the railways by their owners on the ground that it was inefficient. "Now that the nation has actually tried government management," said Mr. Felton, "it has acquired such a great confidence in the superiority of private management that, no matter how hard the owners may try, there is danger that the results obtained by them for some time will be disappointing."

Constructive Legislation

"The Federal legislation under which the railways have been returned to private operation," said Mr. Felton, "is unquestionably the best and most constructive railroad legislation ever enacted in this country. It should not be forgotten, however, that for years before it was adopted the railways were subjected to a restrictive system of regulation which had almost brought their development to a stop; that this was followed by twenty-six months of government operation, during which the railways were not properly maintained—only a small amount of equipment was bought and a comparatively small amount of improvements were made. From this situation it necessarily follows that no matter how fairly and wisely the railways may be regulated, or how ably they may be managed under the new legislation, it will take years to remedy the effects of former regulation and government operation.

"The most important circumstance which is now affecting and which for a long time to come will continue to affect railroad transportation in this country is the inadequacy of railroad facilities. The industries of the country and the volume of production have for many years been increasing faster than have the facilities provided for handling commerce. The disparity between the increase of production

and the increase of transportation facilities has been especially great within the last four and a half years. During this time the freight and passenger traffic carried has increased about 45 per cent., while the increase in the amount of locomotive and car equipment, and of other facilities, probably has been less than 2 per cent."

Analysis of Equipment

It has been contended by some that the railway properties were returned to the companies in as good condition as when they were taken over by the government, while it has been contended by others that on the whole the government let them run down. No doubt the facts vary as to different railroads. Some may have been overmaintained. Certainly many were undermaintained. The available statistics have convinced Mr. Felton that they were in worse condition when they were returned than when they were taken over.

"The experience of many years," he said, "has proved there should be put in service each year at least 2,000 locomotives, 4,000 passenger cars and 100,000 freight cars to replace those which are so far worn out that it is more desirable to retire than to continue them in service. During the twenty-six months of government operation the Railroad Administration did not buy a single passenger car. It bought in over two years only about the number of locomotives and freight cars which should be retired each year. There was a very large increase of expenditures for maintenance of equipment, but this was entirely due to advances in wages and prices, and to the fact that heavy repairs were made to some equipment which ordinarily would have been retired.

"It is impossible at the present time for any railway manager to say in just how good condition the freight cars owned by his own line are. Under government operation there was practically one large pool of cars as a result of which the cars belonging to each road were scattered throughout the country. It will be a long time, even with the strictest enforcement of per diem rules, before there will be effected a redistribution of equipment which will place in the possession of each road the normal proportion of its own cars. However, the reports of the Railroad Administration regarding freight traffic movement and car performance in December, 1919, show that at that time the number of unserviceable cars amounted to 6.2 per cent. of the total number as compared with 5.8 per cent. one year before. These figures indicate that within the last year there was a general deterioration in the condition of cars, and they probably do not fully reflect how great has been the deterioration of freight car equipment as a whole.

"With respect to passenger cars, since no new ones were purchased for over two years, and since during this period they were subjected to the most constant and hardest usage ever known, the conclusion is unavoidable that they were not returned to the companies in as good condition as that in which they were received by the government.

"There was also a large increase in expenditures for maintenance of way and structures, but this again was due entirely to increases in wages and in the cost of materials. The most tangible data regarding maintenance of way are afforded by the statistics concerning the renewals of rail and of ties. The data regarding rail for periods of years are as follows: Average amount of new rail laid annually for maintenance in seven-year period, 1908-1914 inclusive, 1,405,857 tons; average amount of new rail laid annually for maintenance in three-year test period, 1915-1917, 1,328,316 tons; average amount of new rail laid annually for maintenance in two years of government control, 1918-1919, 1,230,300 tons.

"It will be seen that the average amount of rail laid annually by the railways in the three-year test period was substantially less than in the preceding seven years. This was due to the poor business done by the railways in 1915, and to conditions subsequently arising from the war. In the two years of government operation, however, the government laid a substantially smaller amount of rail than the railway companies did on the average in the test period.

"In the ten years ending with 1917, the railway companies laid an average of 92,300,000 ties annually. In the three test years the average was 94,835,443. Under government operation the number laid in 1918 was only 86,400,000, while the number laid in 1919 is estimated at 85,000,000. These figures show a very substantial deficiency in the number of ties laid under government control. Besides, the ties furnished were, on the whole, inferior to those under private control. The statistics regarding both rail and ties laid indicate that, in spite of a large increase in expenditures, roadway and structures were not as well maintained under government control as they were under private management.

"We are then obliged to reach the conclusion that the properties were not returned to the companies in as good condition as they were when taken over and that the companies must assume the responsibility of rehabilitating existing facilities as well as of enlarging them. This process of rehabilitation will tend to increase operating expenses. Economies may be, and probably will be, effected in other directions, but it will be very difficult, indeed, to keep down maintenance expenses until the properties are put in good condition again.

"No effort must be spared to secure the largest possible service from existing facilities. The facilities are now inadequate to meet the demands of freight and passenger traffic even though used with the greatest possible efficiency. If they are not thus used, the effects of the inadequacy of facilities will be aggravated."

Competition and Cooperation

Mr. Felton's experience has been in connection for the most part with what are termed weak lines, but he has never been a demoralizer of rates or an advocate of any form of destructive competition. He is sufficiently broad-minded to recognize the good as well as the bad results of government administration.

"Formerly," said Mr. Felton, "competition between the various railways was extremely active. This competition unquestionably was one

of the principal influences which made American railway service the best in the world. But competition in service often became so extreme as to result in waste of service. When we know that the largest possible service that can be rendered probably will prove insufficient, we cannot afford to take the chance of wasting any. It was recognized by the heads of the railway companies, when this country entered the war, that to render the maximum service with the available facilities it would be necessary for the railways to more closely co-ordinate their facilities. Under the Railroads War Board, which was voluntarily created by the railway companies themselves, this policy of co-ordination was adopted and carried forward a long way. Under government operation many of the methods initiated by the Railroads War Board were continued, and still others having the same purpose, of making it practicable to render the largest possible service, were introduced. It is very desirable that we should all recognize the fact that many of the methods adopted under the Railroads War Board and under government operation did tend to increase the amount of service that could be rendered, and these should be continued.

Centralized Control

"Centralized control of the distribution of freight cars, in accordance with the needs of different industries and different territories, was made more effective than ever before. The railway companies have decided to continue under private operation the Commission on Car Service. While it will doubtless make mistakes, the individual railways should willingly support it and implicitly obey its orders. Any mistaken policies it may adopt from time to time can be corrected; and the greatest mistake that the railways could make would be to disregard its orders and the car service rules in the wholesale way they formerly did under private operation.

"Another important policy which was initiated under the Railroads War Board and carried much farther under government operation was that of joint operation of terminals. There can hardly be any serious question that in a large center of transportation and industry, such as Chicago, the public convenience can be better promoted, more traffic can be moved and congestions can be better avoided under joint operation of terminals than under competitive operation by individual lines.

"Again, there was formerly under private operation waste of passenger service due to excessive competition in the operation of passenger trains between large centers of population. The shortage of passenger train cars is now so great that at least until a large amount of additional passenger equipment can be obtained the railways should not return to the former highly competitive methods in the operation of trains.

"Under government control consolidated city passenger ticket offices were substituted in many cities for the numerous ticket offices maintained by the individual lines. These consolidated ticket offices not only serve the convenience of travelers but will, in the long run, be more economical for the railways.

"It will be well for us to remember, in this connection, that during the six months from March 1 to September 1 the railways are guaranteed the same standard returns that they were under government control. Therefore, both because of this guaranty and because of the duty which the companies owe to themselves, to the public and to their government, which makes the guaranty, every practical economy should be introduced and upon questions of doubt it might be well, because the Interstate Commerce Commission represents the government, to take the advice of the commission with respect thereto.

"It will be well for all of us to bear in mind that the new legislation gives the commission power, when it believes the circumstances justify it, to assume a large amount of authority over the distribution of railroad equipment and even to require the joint operation of terminals, and, if the railway companies cannot agree among themselves, to determine the compensation which one railway which uses another's terminal shall pay for the use of it. The railways can and should make it unnecessary for the commission to exercise this authority. The way in which they can make it unnecessary is by cooperating in ways that will be fair as among themselves, and which at the same time will enable them to render with the existing facilities the largest and best possible service to the public. Estimates made by the Railroad Administration show, in the Chicago terminals alone, a saving of over $580,000 a year. In the southern region the unification of stations and terminals made a saving of $2,182,000 in the year 1918. The northwestern region showed a saving of $1,300,000 per annum in the various consolidations effected.

"The utmost good faith and cooperation among the railways will, however, be insufficient for a long time to enable them to meet the demands of commerce unless they receive the support and cooperation of the public, and especially of the shippers. The shippers can help the railways—and while doing so help themselves in an even larger measure—first, by loading and unloading cars as promptly as possible, and second, by loading cars as heavily as they can. While the country was at war the shippers cooperated splendidly in the loading of cars. Unfortunately, since the armistice the average loading per car has seriously declined. The average load moved per loaded car in December, 1918, was 29.7 tons, while in December, 1919, it had fallen to 27.7 tons, a decline of 6.7 per cent. This reduction in the average load per car had the same effect upon the amount of freight that could be handled as a reduction of 155,000 in the number of cars in service would have had. Every industry in the country would have been better served by the railways, and would have been enabled to produce more commodities, employed more men and made larger profits, if the railroads had been able to furnish shippers this equivalent of 155,000 more cars."

Conservative Optimism

Mr. Felton is analytical rather than optimistic or pessimistic. In his opinion, regardless of how efficiently the railways may be operated, and how much cooperation they may be given by the shipping

public, it will be impracticable, if industry and commerce continue to be as active as they have been for some months, for the railways to handle satisfactorily all the traffic which will be offered them.

"The fundamental trouble," said he, "is that railroad facilities are now absolutely inadequate to the needs of the country and that they must be largely increased before the railways will be able to handle satisfactorily all the traffic which is offered to them. The existing inadequacy of means of transportation is recognized in the new railroad legislation recently enacted by Congress. The new law requires the Interstate Commerce Commission, in determining what net return the railways shall be allowed to make, to 'give due consideration among other things to the transportation needs of the country and the necessity (under honest, efficient and economical management of existing transportation facilities) of enlarging such facilities in order to provide the people of the United States with adequate transportation.' This, I believe, is the first time that any legislation for the regulation of railways in this country has required any regulating authority, in fixing rates, to consider what return the railway companies must be allowed to earn in order to enable them to provide adequate facilities.

"The commission may divide the railways of the country into groups. During the six months from March 1 to September 1, 1920, the companies are guaranteed the same standard return which they were guaranteed under government control. In addition, during the two years from March 1, 1920, to March 1, 1922, the commission is required to permit the railways as a whole or in each group, as established, to earn a net return of at least 5½ per cent. upon the aggregate value of the railway property used in the service of transportation. It may in its discretion permit them to earn an additional one half of 1 per cent., which must be invested in improvements. After the expiration of two years the commission may itself determine from time to time what percentage of return the railways should be allowed to earn, and having made a determination, must allow the railways to charge rates which will yield the net return which it has found will be reasonable and desirable.

"Since the obvious purpose of these provisions was to make as certain as Congress could that the railways would not only be efficiently managed, but that their facilities would be adequately developed, the very interesting and important question arises as to whether the provisions are sufficient for their purpose. Obviously, how they will work will depend very largely upon the way in which they are administered by the Interstate Commerce Commission. First, the commission must determine if the railways are to be grouped, then it must determine how the valuation of the railways shall be made, and finally, it must determine what rates will yield the prescribed return upon the valuation. Many people seem to think that the return of 5½ per cent. is a guarantee to each railroad. This is not the case. What the law requires is that the rates shall be so fixed as to yield a return of 5½ per cent. upon the aggregate value of all the railways or in groups, at the discretion of the commission; and of course in producing an average return of 5½ per cent. or 6 per cent. some roads will earn less than this, while some roads will earn more.

The Grouping Question

"Doubtless there will be much discussion as to the question of grouping. It seems to me that probably the simplest, the most natural and most satisfactory plan would be to make three groups, consisting of the eastern lines, called the Official Classification territory; the southern lines, called the Southern Classification territory, and the western lines, called the Western Classification territory. The way that the railroads have been constructed, that traffic has been developed, and that rates have been made in the past has resulted in constituting each of these a distinct territory.

"Perhaps the most difficult problem is presented by the situation in New England. If the railways of New England were to be made a separate group it would be necessary to advance their rates much beyond the average in order to enable them to earn the return provided for by law. In other sections of the country the advances necessary probably would be more nearly uniform. Relatively large advances in New England would impose some hardship on the industries in that territory. The chief reason why the New England lines are in their present condition is that they have become practically a large terminal for the other railways of the country. It would seem that the best way to deal with the situation in New England might be to leave the New England lines in the eastern group, make an advance in rates which would enable the railways in this entire territory to earn the average prescribed by the law, and then give the New England lines divisions of rates which would enable them to earn as a group the return as provided by the law.

Valuation and Revenue

What bankers and investors particularly want to know is something about railroad valuation as a basis of financing and the prospects for adequate revenue to assure successful rehabilitation and operation.

"The valuation of the railways which the Interstate Commerce Commission is required to make," said Mr. Felton in this connection, "has not been finished, although most of the field work has been done and a number of 'tentative' valuations have been reported. The law authorizes the commission, in fixing rates until its valuation is finished, to give such consideration as may be proper to the property investment account of the carriers. It is generally recognized that the property investments of some carriers do not accurately represent the investment which has been made in them. The property investment account, however, is the best measure we have at present of the value of the railways as a whole. Furthermore, we know what percentage the net operating income earned in the past has been of this account. In a majority of cases the tentative valuations of the railways which have reported have exceeded their property investment. It is reasonable, therefore, to assume that the valuation of the railways as a whole will exceed this amount. With this

information available it seems fair to conclude that the commission can with justice, both to the railways and the public, give great consideration to the property investment account in fixing rates until its valuation is finished, making corrections in a few cases where the property investment is clearly in excess of the real value.

"One of the most difficult problems to be solved in the immediate future will be that arising from the fact that the law provides that any railway which earns more than 6 per cent. on its valuation must pay one half of the surplus into a general railroad contingent fund, which is to be owned and administered by the government. Until the valuation of each individual road is finished it will be very hard to determine whether the earnings of an individual railway are large enough to justify the government in taking part in its surplus earnings, and if so, how large a part.

"While the new legislation has not by any means solved the railroad problem, we have, I think, the right to hope and believe that the legislation will be administered by the Interstate Commerce Commission in the same spirit in which it was passed by Congress, and with the object of promoting the purposes for which it is well known that Congress passed it. I think if this is done the new legislation will afford the means of solving the railroad problem under private management. At the time the legislation was passed, however, not only was the financial situation of the railways themselves very precarious, owing to the fact that the net operating income did not amount to even one half of 6 per cent. upon the investment, but general financial conditions also were unfavorable. Because of the uncertainty as to how the law will be administered by the commission, and of unfavorable general financial conditions, railroad bonds and stocks have continued to command prices in the market so low as to preclude the idea that the companies will be able in the near future to raise on their own credit vast amounts of new capital for providing additional facilities. The legislation provides for the loan by the government of $300,000,000 to the railroad companies for a period of two years. Unfortunately, it will take at least $500,000,000 at present prices to buy merely the 2,000 locomotives, 4,000 passenger cars and 100,000 freight cars which will be needed to replace those which should be scrapped in 1920. The need for the commencement immediately is so pressing that the railway companies would be justified in asking Congress to provide for the loan of at least $500,000,000 additional.

"While, however, both the transportation and financial conditions immediately confronting the country are very unsatisfactory, general financial conditions undoubtedly in course of time will improve. If, then, the law is fairly and wisely administered it seems to me that it should become practicable for the railways to raise the new capital required to provide the facilities necessary to enable them to give the country good and adequate service."

The Labor Problem

In Mr. Felton's large and varied experience he has had very little trouble with his employees. It has been his policy to economize by eliminating unnecessary and unprofitable work rather than by minimizing wages. What he has to say about the labor problem is therefore especially interesting.

"One part of the railroad problem which the new legislation seemed for a time to have left entirely unsolved," said Mr. Felton, "was the labor problem. The legislation provides for the creation of boards of adjustment for the settlement of labor controversies on which the employees and the companies shall be equally represented. It also provides for the creation of a Railroad Labor Board, three of whose members are to be appointed by the President of the United States to represent the public, three of whom are to represent the railway companies, and three the employees. The law requires that controversies which are not settled by the board of adjustment be submitted to the Railroad Labor Board. The labor organizations oppose the entire railroad bill, and especially the provisions relating to the settlement of labor controversies. There were even intimations of a general railroad strike if the legislation was passed. Since it became a law, however, the labor organizations have signified their intention to give its provisions a fair trial.

"There seemed to be apprehension on the part of many railway employees that the return to private operation would be followed immediately by general reductions of wages. No such reductions were contemplated, nor could they be made immediately, because until September 1, 1920, the carriers are prohibited by the new law from doing so. Meantime, the adjustment and arbitration machinery provided for by the law doubtless will be set up. Railway labor will be given an opportunity to present all its claims for higher wages. The law requires that in all controversies which may come before the Railroad Labor Board consideration shall be given to the wages paid for similar work in other industries, to the cost of living, the hazards of employment, and all other factors that can reasonably be given weight. It is only fair to assume that the claims made by the different classes of railroad labor, and the evidence and arguments presented in support of them, will be given full and fair consideration. In that event there will be no good reason why labor shall not give efficient service, and why serious labor disturbances on the railways shall not be avoided.

"It would be going too far to say that the new railroad legislation has furnished the solution of the railroad problem. It will have to be given a fair and full trial before we shall know what results it will produce. It is, however, undoubtedly the best piece of railroad legislation ever enacted in this country. If it is found to work badly in some respects it can always be amended, and there seems good reason for hoping and believing that its passage will prove to have been a long advance toward the solution of the problem."

Credit Problems and Acceptances

Warning Against Tendency to Use the Trade Acceptance as a Revolving Credit—Present Methods Defeat Part of the Mission of the Acceptance, Which is to Limit the Assumption of Too Great a Liability by Any One Interest

By D. C. Wills

Chairman of the Board of the Federal Reserve Bank of Cleveland

I THINK it may be said that credit difficulties and problems which have cropped up in the use of bankers' and trade acceptances have their origin in the departure from one of the foundation principles of acceptances. The principle to which I refer is that an acceptance, whether it be bankers' or trade, is primarily intended to finance or represent a particular transaction, and whether it is permissible by law or not to do otherwise, a bankers' acceptance should show on its face some definite evidence of the transaction it purports to represent.

While it may have been necessary during the war to finance certain revolving credits by the acceptance method, there is no reason now why we should not get back to the safe and historic method in acceptance practice.

This paper will deal principally with the credit problems and abuses with respect to bankers' acceptances, although a reference to what is being done with trade acceptances may not be out of place.

I am very sorry to see finance companies of various sorts operating and being organized to release the seller of goods not only from appearance on the instrument, but also from liability in the transaction. While this new method of financing is an acknowledgment of the liquidity and safety of the trade acceptance method, since trade acceptances carry the liability of the seller and also must show as a contingent responsibility in his financial statement, it is an evidence of weakness in the situation to depart from a regular trade acceptance form and method with all its safeguards to a procedure wherein a finance or discount company, or whatever it is called, interjects itself after the goods have left the hands of the producer and thereafter becomes the supervisor, the holder of a trust receipt, the insurer, the collector, the banker, the mortgagee, the advisor, and, incidentally, the broker, to pass on securities to the public and the obligations to the banks.

I am not offering any objection to any concern obtaining capital direct from the people provided that concern is engaged in legitimate and necessary business and will be competently and honestly managed. In fact, I think the people themselves could well afford to invest direct in some of the promising new enterprises of the country, even though at some risk to their capital, rather than engage in the extravagant buying of luxuries.

The objection that is offered is to that part of the business of the companies mentioned that consists in "beating the devil around the stump" in order to make a technically eligible piece of presumably commercial paper, and in doing so ignores, overlooks or repudiates the principles which the better banking judgment of the United States has been trying to have govern in those instruments and represent actual sales.

The purpose in creating this sort of paper is to use it as a basis for obtaining credit, coupled with the intimation that rediscounting credit of the Federal reserve bank may be extended on instruments of this character when offered by a member bank. Should it not occur to those who suggest a procedure of that kind that in the finality the currency of the country is issued on the security of the rediscounts at the Federal reserve bank?

Unofficially, and acting solely in a personal capacity as a citizen of the United States, I much prefer to see the currency based upon a different class of promises-to-pay than those where the seller of goods has absolved himself of responsibility by conveying it for a substantial consideration to a finance company which is neither a producer, seller, nor buyer of goods.

Part of the mission of a trade acceptance is to proclaim the transaction and thereby place limitation, through publicity, on the assumption of too great a liability by any one interest. This exerts a very wholesome influence on both trade and finance, and inability and unwillingess to finance actual sales by that method must be either a reflection on the actuality of the sales, the inability of the acceptor to pay at maturity, or the fear of the seller to assume or show the contingent liability.

I see evidence occasionally of a tendency to use the trade acceptance for a revolving credit; that is, where goods are sold on long time, or, rather, covering a long period of payment. A seller will take, say, a three months' acceptance for the total amount of the sale in order to make it eligible for rediscount at the Federal reserve bank, and at the maturity of the acceptance will receive the payment that is due under the terms of sale at that period, obtaining a trade accept-

ance for another period for the balance due. These sales sometimes cover as long as nine months or a year, so that there might be two renewals with partial payment. It is my judgment that this is an erroneous method, and that the seller should obtain three or four acceptances for the amounts due according to contract, these acceptances to mature when the buyer expects to make payment in full according to the terms of purchase.

Making a forced eligibility of paper for the Federal reserve bank is not helping the situation. Commercial paper in the Federal reserve bank is supposed to be self-liquidating. Users of trade acceptances should cooperate by discontinuing any practice that makes the acceptance other than a self-liquidating instrument.

Eligible Paper in the Making

Banks are permitted to discount paper that runs for a longer time than three months, even though it be not eligible at the Federal reserve bank; but as the longer time acceptances in their files approach maturity they do become eligible. This is anything but a bad situation, and results in a bank having paper constantly coming into the eligible class. Thus a bank is not tempted to use too much of the funds of the Federal reserve bank at one time, but is protected with self-liquidating maturities that are coming into eligibility. In the field of bankers' acceptances, as well as in the trade acceptance domain, we see the effort made to make a long time revolving credit have the appearance of a short time definite credit.

Away back in February, 1918, the Federal Reserve Bank of New York set out the views of the Federal Reserve Board in a memorandum concerning the developing of a modern and efficient system of American bankers' acceptances. In the introduction to this memorandum the Board made the statement that it did not wish to adopt or issue inflexible regulations unless absolutely necessary. The Board pointed out that we were competing in the acceptance field with other countries which have no legal restrictions, in which sound business judgment, guided from time to time by the central banks of these countries, constitutes the unwritten, but none the less rigid, law, and suggested to the banks of the country that they assist in seeing that observation of these principles might be obtained voluntarily without requiring inflexible rules. The Board also pointed out that, unless the bankers did cooperate in this manner, many transactions (unobjectionable as long as they are engaged in for legitimate purposes and within reasonable limits) will have to be barred because strict regulations do not admit of discrimination.

Is it possible that we in America cannot confine ourselves to the soundest methods and the best ethics in respect to the use of bankers' acceptances, or will it be necessary, in order to avoid abuses, that strict regulations will have to be issued?

Berton Braley says:

"You may scout and you may hound me,
But you cannot get around me.
Not with all your brilliant sophistry and tact;
If you try it, I will jar you.
Ah, you ask: 'Well, then, who are you?'
I'm the Obvious, the Economic Fact!"

The fundamental principle of the bankers' acceptance is that the banker lends his credit as distinguished from his funds for a commission and for the purpose of financing a specified transaction, either an export, an import, the domestic shipment of goods, or the warehousing of goods already sold or shortly to be sold. The length of the credit should be only a time sufficient to cover the entire transaction.

The revolving credits, or, in other words, the granting of acceptance credits for ninety day periods, with the privilege of from one to eight or twelve renewals for ninety days each, were perhaps the first step in the wrong direction. Since then the abuses have multiplied, and bills of certain concerns are invariably drawn for ninety days, although the transaction, as I understand it, does not in most cases take more than twenty days to complete and put the funds in the hands of the shippers.

Only the other day I ran across two bills drawn by one of the big companies in this country and scheduled as being based upon the domestic shipment of the goods this concern deals in. The acceptances were dated January 26, due ninety days after sight, and probably fifteen days at the outside would have been required to consummate the transaction.

Readily Marketable Staples

The very broad definition of "readily marketable staples" includes goods and articles that only the broadest construction would put in the class of readily marketable staples. This is partly due to the fact that under Section 13 of the Federal Reserve Act member banks may accept drafts or bills of exchange growing out of transactions involving the importation or exportation of *goods,* or which grow out of transactions involving the domestic shipment of *goods* provided shipping documents conveying or securing title are attached at the time of acceptance, or which are secured at the time of acceptance by warehouse receipt or other such document conveying or securing title covering *readily marketable staples;* but, under the Regulations of the Federal Reserve Board, Series 1917, which are still in effect, open market purchases of bankers' acceptances eligible under Section 14 of the Federal Reserve Act may cover the shipment of *goods* between the United States and any foreign country; the shipment of *goods* within the United States provided the bill at the time of its acceptance is accompanied by shipping documents; the storage within the United States of *readily marketable goods,* provided the acceptor of the bill is secured by warehouse, terminal, or other similar receipt, or the storage within the United States of *goods* which have been actually sold, provided the acceptor of the bill is secured by the pledge of such *goods.* While it appears that a member bank, under Section 13, may not make an acceptance based upon the storage of *goods* other than *readily marketable staples,* nevertheless "readily marketable goods" are a proper basis for acceptances of *non-member banks* which Federal reserve banks may purchase in the

open market. The result has been that the storage of *goods* of all kinds even has been financed under bankers' acceptance credits.

I am quite confident that many of the commodities that would answer a correct interpretation of "readily marketable staples" have been stored and financed under bankers' acceptance credits, for the purpose of holding the goods for speculation. This is something that conservatism and sound business judgment could hardly sanction.

I believe that because of the abuses it will perhaps be necessary to abolish the storage of goods or staples under bankers' acceptance credits, or else bring the instrument when covering such transactions under very rigid control; also that it may be necessary to abolish the broad transactions permitted under the import and export bills, which permit the entering into acceptance credits without the identification of the specific goods covered by the bill. The ruling of the Board on this subject reads as follows:

> "It is held that goods may be purchased and shipped subsequent to the time of the first acceptance, provided that there is definite bona fide contract for the shipment of the goods within a specified and reasonable time."

There is also a ruling, "Identification of Specific Goods," which reads as follows:

> "Held not to be necessary that the specific goods covered by an acceptance based upon an import or export transaction must be identified at the time of the acceptance."

That the Board has great faith in the conservatism and sound business judgment of our bankers is evidenced by a ruling, "Good Faith a Test." It is quoted as follows:

> "Good faith must be relied upon to a large extent in determining whether an acceptance is based upon a transaction involving the importation or exportation of goods."

This rule is followed by one entitled "Banks May Ask Assurances," which reads:

> "Member banks may best protect themselves in determining whether acceptances are based upon the exportation or importation of goods by stipulating the right at times to ask for substantiation of assurances from a customer."

While the right of banks to make acceptances covering the exportation or importation of goods is what is known as an open right, I think we are far enough away from war conditions to have the transactions identified on the instrument. The best method I know of identification is to have it show on the bill; for instance: "This acceptance is based on the importation of (so much) silk from Japan via Steamer So-and-So"; or "This acceptance is vased on the exportation of steel bars to London as per shipping document number So-and-So dated So-and-So."

It is my judgment, too, that wherever possible (and only in very exceptional cases it is impossible) the title to the goods should remain in the hands of the bank making the acceptance. This latter observation applies to both foreign and domestic acceptances.

While under the law the accepting bank in domestic acceptances is only required to be secured at the time of the acceptance by a shipping document or warehouse receipt, at the same time, to avoid duplication in credit and to prevent the same security being the basis of more than one bill, banks in some form or other should retain title to the goods. The fact that banks have parted with title to the goods after acceptance has resulted in the ease with which bankers' acceptances in many cases have been used as a way of securing an additional line of credit. The liquidation of the transaction covered by the acceptance has not been connected up with the liquidation of the acceptance itself in these revolving credit transactions and acceptance credit lines.

Perhaps it will be concluded that the insistence on identifying the acceptance with the actual transaction being financed is a very narrow construction of the use of acceptances. However, let it be said again that the acceptance was not intended to furnish an additional line of credit to a borrower. Having pointed out to you that it is being used to a certain extent for that purpose and that such an abuse may lead to proportions that will seriously discredit acceptances, it is my judgment that we may better be narrow and be safe than be so broad as to lose all the confidence that has been built up in America in the acceptance method.

The next few months will likely disclose whether or not it may be necessary to prevent the abuses of the acceptance method by a change in law and in strictness in regulations, or whether the users and makers of acceptances will themselves see the desirability of following the ethical practices established and proved through the experience of other countries over a long period.

The situation is capable of being corrected and can be corrected by the voluntary action of those interested, prompted by a business conscience that will sacrifice an immediate and an apparent personal advantage for the permanent well-being of the nation's business and banking. If this opportunity be postponed or ignored, regulation and law will do it instead.

Private Banks in Indiana

By S. G. Phillips
President Alexandria Bank of Alexandria, Ind.

The laws governing private banks and bankers doing business in the state of Indiana are very rigid and good laws. They place the private bank under the same rules as those governing incorporated banks, including examinations, loan restrictions, etc. Were it generally known that such is the case, together with the personal responsibility of the stockholders, even the officials at Washington would be less arbitrary and more liberal in granting privileges such as are offered incorporated banks. This point should be at once brought to their notice.

Spring Meeting of the Executive Council

THE final program has been completed for the spring meeting of the Executive Council of the American Bankers Association, to be held at the Carolina Hotel, Pinehurst, N. C., the week of April 26.

As outlined, the program provides for meetings of the numerous committees Monday and Tuesday forenoons, April 26 and 27. Sessions of the Executive Council are to be held Wednesday, Thursday and Friday forenoons.

It will be observed that the afternoons have been left entirely clear for social features. These comprise the following: Monday afternoon, "getting acquainted"; Tuesday afternoon, golf tournament, qualifying round of eighteen holes. The players will qualify in divisions of four. A prize will be given to the player making the best gross score in the qualifying round. Putting contest for ladies, 2 to 5 P. M. An exhibition of fancy shooting by Annie Oakley, 4.30 P. M.

Wednesday afternoon, racing matinee; evening, family dinner at 7.30 P. M.

Thursday afternoon, first round of match play in all divisions. Putting contest for ladies, 2 to 5 P. M. Tea and dancing at the club house. In the evening, moving pictures.

Friday afternoon, final round of match play in all divisions. Putting contest for ladies with a prize for the lowest score.

President R. S. Hawes has named the golf committee for the Pinehurst tournament as follows: Craig B. Hazlewood, Chicago, chairman; J. Fletcher Farrell, New York, vice-chairman; Charles H. Sabin, New York; Harry J. Haas, Philadelphia; John G. Lonsdale, St. Louis. Donald Ross, who is one of the best qualified golf men in the United States is cooperating with the golf committee in all arrangements of the tournament. Eight or nine cups are to be given as trophies.

The arrangements for the business program indicate a most important meeting and it is expected that practically a full attendance of Council members will be on hand. The *Pinehurst Outlook*, in a recent issue, has the following on the spring meeting. The italics are the *Outlook's*.

A Corner of one of the Carolina Sun Porches

"Perhaps the bankers do not know it, but they have elected to come to Pinehurst during the loveliest season of the year. The Pinehurst season begins in November. It ends in May, and if we were asked which is the most delightful month of all on the Pinehurst calendar we should unhesitatingly say April. November and April are the best months to enjoy Pinehurst, because the town is not crowded. The height of the season finds more entertaining, more social activity, more of the bustle, splendor and whirl of the mob, but for downright enjoyment there is no time like the early and late season. The golf links are *not* crowded. The weather is *superb*. Pinehurst habitués are fast realizing this. Ask the old timers. They know."

The "spring tonic" special carrying the bankers of the mid-west to the spring meeting will leave Chicago at noon on April 23. At least 200 passengers are expected, including the additions from St. Louis and Cincinnati.

The Entrance to the Carolina

Rediscounting and the Federal Reserve Discount Rate

By Edwin Walter Kemmerer

Professor of Economics and Finance, Princeton University

IN the discussions that led up to the enactment of the Federal reserve law, rediscounting at Federal reserve banks was thought of as a recourse which member banks would avail themselves of only to obtain temporary funds in times of emergency. Three types of emergency were thought of as justifying rediscounting at Federal reserve banks. They were: (1) a strained money market throughout the country threatening panicky conditions; (2) strong seasonal demand for money like those that recur commonly at the crop moving period, the period of the "spring revival" or quarterly settlement dates like the first days of January, April, July, and October; and (3) abnormally strong demands upon a particular bank or the banks in a particular community arising out of purely local conditions.

In each of the above cases the need, it was supposed, would be a temporary one, the paper rediscounted would be short-time, self-liquidating commercial and produce paper and acceptances; and the rediscount rate would be, as it usually had been at the central banks of Europe, somewhat above the market rate of discount. In a word, rediscounting was to be an occasional recourse for temporary funds in times of emergency, not a regular recourse for permanent funds. These views were embodied in the Federal Reserve Act as originally passed in December, 1913.

Originally there was no provision in the Federal Reserve Act for the fifteen-day loan collateraled by government securities that today constitutes by far the largest single kind of advance made by Federal reserve banks. Of course in 1913 it was not expected that the Federal reserve banks would to any appreciable extent make loans on the security of the government debt. In fact such a thing at that time would have been impossible, for when the Federal Reserve Act was passed our total interest-bearing national debt was only $967,000,000, of which approximately $736,000,000 were pledged by national banks with the Government as security for circulation.

Under these circumstances there was some concern as to how the Federal reserve banks could use their funds in normal times. The solution of the difficulty was supposed to be found in section fourteen of the Act authorizing the Federal reserve banks to carry on certain kinds of open-market operations, either at home or abroad. These operations, it was expected, would provide a profitable method of utilizing otherwise idle funds in times of easy money. They would also give the Federal reserve banks a means of more effectively controlling the movement of gold into and out of the country, and of making their discount rate "effective" in cases where the market should refuse to follow their lead in raising the discount rate.

The Pre-War Discount Rate

Up to the time the United States entered the war the Federal reserve bank's rediscount rate exercised very little influence upon the American money market. Federal reserve bank rediscounts were negligible in amount, and the Federal reserve banks depended largely upon open market operations for their income. The total bills discounted for member banks held in the portfolios of all twelve Federal reserve banks on March 23, 1917, for example, amounted to only $18,473,000 and the total bills bought in the open market to $87,798,000.

There were several reasons why the member banks made few calls on the Federal reserve banks for rediscount during America's prewar period. In addition to the facts that a large part of our bankers did not understand the rediscount facilities offered by the newly created Federal reserve banks, and that among the few who did understand them a substantial proportion entertained a strong prejudice against rediscounting of any kind, there was the fact that the period from December 1914 to the Spring of 1917 was one of very cheap money in the United States. For this period the average rates by quarters were as follows:*

Interest and Discount Rates in New York December, 1914 to April, 1917

	Call Rates, N. Y. Stock Exchange	60-90 Day Two-Name Paper	N. Y. F. R. B. 60-90 Day Com. Paper
1914			
December	3.38	4.35	5.71
1915			
1st Quarter	2.01	3.66	4.46
2d Quarter	1.96	3.68	4.00
3d Quarter	1.81	3.36	4.00
4th Quarter	1.88	3.11	4.00
1916			
1st Quarter	1.89	3.12	4.00
2d Quarter	2.45	3.28	4.00
3d Quarter	2.75	3.70	4.00
4th Quarter	3.39	3.58	4.00
1917			
1st Quarter	2.53	3.89	4.00

There were two fundamental reasons for the low market rates of this period for call loans and for short-time commercial paper. They were: (1) The great reduction in the legal cash reserve requirements of national banks and other member banks brought about by the

*See table and chart of interest rates in the United States 1913-1918 in Kemmerer, The War and the Interest Rate, American Economic Review, Supplement, March, 1919, pp. 102-103.

Federal Reserve law; and (2) the large influx of gold into the country resulting from the heavy excess of our merchandise exports over imports in our trade with belligerent Europe. Although the year 1914 witnessed an excess of gold exports over imports of $165,000,000, the period from January 1, 1915, to March 31, 1917, showed an excess of gold imports over exports of $1,193,000,000.

"Market Outside of the Bank"

Throughout this whole period the market discount rates were low and the rates of the Federal reserve banks ruled higher than the market rates; the market therefore had little recourse to the Federal reserve banks. As they say in Europe, when such a situation exists as regards a central bank, "the market was outside of the bank." Although this period preceding our entrance into the war was one of currency and credit expansion in the United States that expansion did not, to any extent, result from Federal reserve loans and discounts.

Effect of War Loans

With our entrance into the war, and the inauguration of a policy of extensive loan floatation on the part of the Federal Government, through the active cooperation of the Federal reserve system, an entirely new situation arose with regard to the relation of the Federal reserve banks' discount rates and the American money market. We insisted on selling our bonds at par and at the same time we fixed rates of interest on them substantially below the natural market rate for such securities when offered in such large quantities. As soon as the respective loan drives, with their strong appeals to war patriotism, were over, the bonds went below par; and the natural upward movement of interest rates, resulting from world-wide destruction of capital at a time when the demands for capital were greatly increasing, tended to force these bonds to continually lower market values.

One of the principal devices for encouraging the purchase of war bonds and certificates of indebtedness in large quantities by the public and by the banks, and of holding up their prices, was a liberal discount policy on the part of the Federal reserve banks. The public were strongly urged, as acts of patriotic duty and also of good business, to borrow of their banks and buy Liberty Bonds, often in amounts out of all proportion to present or prospective savings. Loans were made with little or no margin on notes collateraled by the bonds being purchased, and at the same rates of interest as those paid by the bonds. Banks could afford to make such loans, in fact they usually realized a profit in doing so, because the proceeds of the sale of the bonds were usually left by the Government on deposit at the banks selling them for at least several weeks' time at a low rate of interest. Such government deposits required no legal reserve. When at length the government called for the funds the banks could readily obtain the wherewithal for meeting the Government's call by borrowing of their Federal reserve bank on their own fifteen-day note collateraled by their customers' bond-secured notes or by rediscounting these customers' notes. The Federal reserve banks were exceedingly liberal in their policy of making such loans and of renewing them, and they fixed for them preferentially low discount and interest rates—rates sufficiently below those paid by the bank's customers usually to cover the bank's overhead and yield it some profit on the transaction. These loans by the Federal reserve bank were renewed again and again without difficulty. The preferentially low rates on such loans led many business concerns to hold back their commercial paper and borrow on the security of government bonds and certificates of indebtedness for ordinary business needs.

The Rate Situation

The following average figures will briefly summarize the discount rate situation as illustrated by one Federal reserve district, namely, that of New York. Essentially the same story would be told by the other eleven districts.

Interest and Discount Rates in New York April, 1917 to January 1, 1920

	Call Rates, N. Y. Stock Exchange	60–90 Day Two Name Com. Paper	N. Y. F. R. Bank 60–90 Day Com. Paper	N. Y. F. R. Bank 15-Day Loans Collat. by Lib. Bonds
1917				
2d Quarter....	3.30	4.73	4.00	3.00*
3d Quarter....	3.66	4.91	4.00	3.00
4th Quarter....	3.60	5.44	4.05	3.05
1918				
1st Quarter....	4.63	5.70	4.50	3.50
2d Quarter....	4.44	5.88	4.74	3.97
3d Quarter....	5.64	5.91	4.75	4.00
4th Quarter....	5.72	5.93	4.75	4.00
1919				
1st Quarter....	4.98	5.28	4.75	4.00
2d Quarter....	5.73	5.42	4.75	4.00
3d Quarter....	5.94	5.39	4.75	4.00
4th Quarter....	8.87	5.58	4.75	4.37

*Established for the first time, May 22d.

The all-important point to note in comparing the above table with that given on the preceding page is that, whereas before our entrance into the war the Federal reserve discount rate ruled higher than the market rate, since that time they have ruled much lower than the market rate. In other words, whereas before our entrance into the war "the market was outside of the Federal reserve banks" since then "the market has been inside the Federal reserve banks."

Obviously when the Federal reserve bank rates are lower than the market rates, borrowing of Federal reserve banks with the resulting expansion of deposit currency and Federal reserve notes becomes profitable and is thereby encouraged. Here then was a discount policy that greatly expanded our circulating media—bank deposits and Federal reserve notes—and forced down the reserve percentages held by Federal reserve banks, without directly increasing the supply of economic goods that the country so much needed. It, of course, boosted general prices. If, for example, a man bought in this way $10,000 worth of Liberty Bonds, borrowing the funds to pay for them of his bank, with little or no margin, and if he went on spending as before, letting his bank "carry him on his loan," and if the bank passed his note on by way of a rediscount to its Federal reserve bank, the ultimate result was an increase in deposit currency purchasing power of

something like $10,000 which was turned over to the Government, and a reduction in the Federal reserve bank's percentage of gold reserve to demand liabilities, but no immediate decrease in the funds of the bond buyer or of his bank.

Government Competition

These additional funds placed in the hands of the Government strengthened its competing power in the market for supplies and the increased competition thereby made possible for the same supply of goods forced prices up. Higher prices in their turn forced economies in consumption on the part of those whose incomes were fixed or advanced less rapidly than the cost of living, and this fact released labor and other supplies from private consumption for government needs.

This low discount rate policy of the Federal reserve banks motivated largely by the desire to keep interest rates down and release funds for war purposes is an important factor in the explanation of why the member banks of the Federal reserve system on February 27, 1920—the latest date for which figures are available at this writing—had discounted with their Federal reserve banks for the creation of legal reserve deposits $2.-454.000.000 of paper (of which $1,573,000,000 were secured by Government war obligations), while the total amount due them on reserve accounts was $1,872,-000,000, showing that the member banks had borrowed from the Federal reserve banks on that date every dollar of their legal reserve and 31 per cent. in addition. This policy was one of the chief factors in the great expansion of bank deposits and of Federal reserve notes that for nearly three years has been boosting up the country's price level, for it was by means of this mechanism that we pumped into circulation a substantial part of our inflated war-time currency—bank deposits and Federal reserve notes.

Inflation Process Must Be Reversed

If the policies of low discount rates at the Federal reserve banks, preferential rates for war paper, and great liberality in responding to the requests of banks for loans have resulted, as they clearly have, in inflating our circulation, reducing bank reserves, loading up our commercial banks with vast quantities of government paper, and raising our price level, it logically follows that a reversal of these policies will tend to correct these evils. Our discount rate must go up still farther and stay up for some time if we are to have that credit and currency contraction that is necessary in order to reduce the price level sufficiently to stabilize our credit situation and to make our bank reserves adequate for the loads they are to carry.

Rediscounts by Federal reserve banks should be granted less freely in the future and with increasing discrimination against banks which are using their own funds extensively in speculative activities, and against banks that have borrowed from the Federal reserve banks abnormally large amounts in proportion to their reserve requirements. To an increasing degree the Federal reserve banks should discriminate against loans collateraled by the Government debt and in favor of short-time, self-liquidating commercial and produce paper. Cautiously but firmly the Federal reserve banks should be made more liquid, have their reserves strengthened and should return to the sound ideals that guided the founders of the Federal reserve system in drafting the Act of 1913. Such a policy will unfortunately work some hardship, but this is one of the prices we must pay for our much desired reduction in the cost of living, and for the stabilizing of our credit situation. The Federal reserve authorities are acting wisely in pushing up the discount rate at this time and the banking community should support them in a strong discount policy.

Foreign Trade Protests Heeded

FOLLOWING forceful presentation of a protest on the part of the American Bankers Asssociation and other organizations interested in foreign trade against the proposed drastic cut in appropriations for the Bureau of Foreign and Domestic Commerce of the Department of Commerce, Congressional action was taken to make the new appropriation for the bureau practically the same as it is for the present fiscal year. The organizations appeared through a committee at a hearing before the Senate Committee on Commerce on March 12. The protesting committee urged that the full estimate submitted by the Bureau of Foreign and Domestic Commerce be granted. This estimate was for a considerably larger sum than the present appropriation, which sum, it was felt, could be well expended in extending useful activities of the bureau. The committee argued that, in any case, the amount of the appropriation for the present fiscal year should not be reduced. The committee consisted of E. H. Huxley, representing the National Foreign Trade Council and the Rubber Association of America; O. K. Davis, secretary of the National Foreign Trade Council; George H. Richards, The Merchants Association of New York; Dr. John White, National Association of Credit Men; Nathan B. Williams, National Association of Manufacturers; Otto Wilson, Tanners' Council of the United States; and William F. Collins, secretary Commerce and Marine Committee, American Bankers Association.

To Build, or Not to Build?

Disadvantages of Erecting a New Bank Building Under Present Conditions Weighed Against Possible Benefits to be Secured—Many Pitfalls to be Avoided and Precautions to be Taken

By Alfred C. Bossom

[*Mr. Bossom has been retained to take charge of the Bank Building and Equipment Section of the* JOURNAL *with the definite intention of getting an expert who could not only continue the monthly articles of general interest to all bankers, but who could also make it of real practical value to the individual banker with a "building problem."*

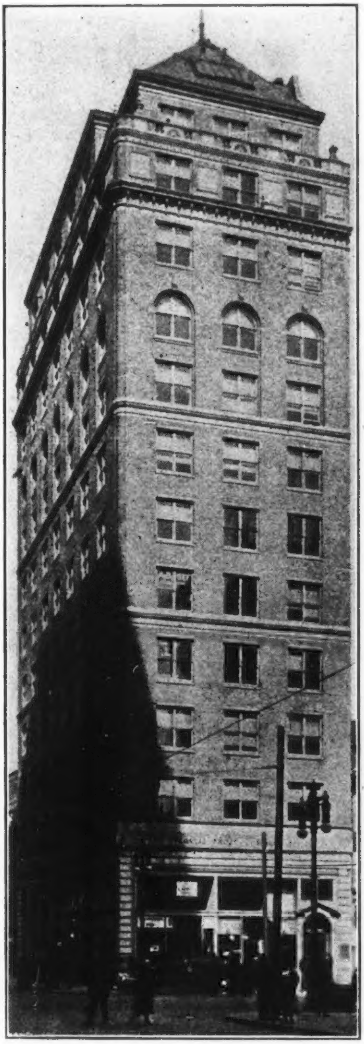
An "Answers to Questions" column will from now on be introduced and all members of the Association are invited to ask questions regarding their new buildings, alterations, equipment, security vault work, real estate, etc. Inquiries should be sent to the JOURNAL OF THE AMERICAN BANKERS ASSOCIATION, 5 *Nassau Street, New York, attention of Mr. Alfred C. Bossom, New Building and Equipment Section. All questions of general interest will be answered in the column, but those of a local or personal character will be replied to direct. It is hoped that members will take advantage of this opportunity.*]

THE most perplexing question to a banker in congested quarters today is, "Shall I or shall I not build? If I must, how should I proceed?"

Never in the history of American banking has there been such activity in every department, and the outlook is that this development will continue and increase. This has resulted in practically every bank becoming badly overcrowded, both in its own working quarters and in the accommodation it provides for the public.

The activity of the last five years has made it obligatory upon almost every banker to either rearrange his existing quarters, add to them, or to get a new home for his bank. *But is this the time to do it?*

We have slowly climbed the hill of increasing costs and labor difficulties, but today are about on the edge of the plateau of this condition. It is conceded by the best financial minds, I believe, that we have about reached the limit of rising costs, but the time when the receding action will commence is beyond the horizon. Any possible reduction at best appears a long way off. Unquestionably there will be variations upwards and downwards in the cost of different commodities, but the average will in all probability remain about constant.



Philadelphia shows an example of a bank taking the rear of its site and leasing the front portion, until such time as it can expand. Alfred C. Bossom, Architect

In arriving at a conclusion regarding a new building the conditions to be faced are, the cost of construction today in relation to the cost at some future date, the difficulties that strikes or other untrollable delays may introduce in relation to the benefits that may accrue to the bank by having a new building now instead of later.

Construction in the last analysis is dependent upon the labor cost, which in turn is governed by the number of men there are available to supply the demand. The actual raw material in the building—that is, timber on the stump, rock in the quarry, sand in the pit—does not represent in total more than 5 per cent. of the total cost of any work, the remaining 95 per cent. constituting salaries paid to workers.

Over twelve million men were eliminated from the world during the great war. These were all of the producing age, that is, from the period of life when nominally they would do real physical work, as mechanics, laborers, etc. Since the midde of 1914 practically all construction to meet peaceful demands has been either held up, or so curtailed as to be negligible but during this same period, in spite of the colossal man-power loss due to war, the general population of the world has increased very materially, and nothing has been done to care for this. There

are today in the United States no less than six hundred thousand homes for families urgently needed, as there are over three million people requiring such homes. This demand must be supplied.

The United States in the past has largely recruited its mechanics and laborers for the building trades from Europe. The actual battle loss of our own people was less than any other great power, but a tremendous number of men went back to their own countries to fight and they are very slow in returning. This may be due partially to European legislation, or a desire to remain with their families, or again to their objections to prohibition, but the result is that we have a great and growing demand for construction work, and only a limited supply of workers with which to fill it. Unquestionably it will take at least five years to catch up with the demand, and it may take ten, no matter how hard everything is pressed. Therefore, in conformity with that greatest of economic laws, supply and demand, it is absolutely safe to reckon that the cost of construction will not go down for a long period.

There have been many unreasonable demands made by unionized labor, material contractors, etc., but there now is a great public sentiment crystallizing rapidly in an effort to stabilize production. Governor Allen of Kansas with his "Court of Industrial Relations" has taken a great step towards reasonableness. New York City has practically concluded an arrangement between its mechanics and master builders to refrain from strikes, lockouts, or sympathetic strikes for a period of one year at least. Mayor Hylan has called together a grand conference of all the material contractors, labor representatives, master builders, loaning institutions, etc., with the object of stabilizing conditions, and from all quarters of the country, Ohio, Texas, California, etc., reports continue to come in of this effort to get things to a basis, not necessarily of low cost, but of a stabilized nature so that the contractor may estimate what the work will cost and the owner can be assured of completion of his building.

When the ground floor is not large enough a stair-case can often be constructed so that the second floor can be used without making very large alterations. An example in the upper part of New York

This bank building in New Jersey, now under construction, has been made severely plain with the object of making the work easy and quick to produce. Alfred C. Bossom, Architect

The banker, therefore, is confronted with the condition that if he waits he will almost certainly have to pay the same price for his building in five years' time, and during the interval be getting more crowded and congested, and in consequence compelled to handle his work at greater expense to himself and give decidedly less satisfaction to his clients. But if he goes ahead at this time, although he will pay quite double what he would have paid for his building in 1914, and he will have to face the fact that construction work will be relatively slow, due to the conditions mentioned, he will have the better quarters to work in, and he will give the additional satisfaction to his customers and will get the added advantage that the advertisement of his new structure automatically gives him.

In the writer's experience covering very many years, most careful statistics have been kept as to the real actual result to a bank that builds a new building, and I have found that from the time the banker first talked of undertaking a new

building to within a year after the completion of the work, the average increase of the bank's deposits has been over 30 per cent. If this condition continues the financial advantage of a new building becomes a very real one, and there is no good reason to anticipate this condition passing away.

Bankers are not alone in difficulties regarding their quarters. Hundreds of other business men are in the same state and are willing to pay practically any price to obtain suitable space in which to conduct their business. The banker who puts up an office building now can rent it from plans long before he even gets the cellar dug. He can demand and get rents that make his investment exceedingly profitable, for rents have advanced far more in proportion than has the cost of building, in almost all localities, and the most conservative peope are still looking for increases in the rent, while the peak cost of building has been reached.

Of all men in a community who are judges of credit, the banker stands out preeminently; and with the demand for office space as marked as it is he can hand-pick his tenants, selecting only those who have such financial strength that they can withstand any shock or set-back should a national reaction take place. When renting space to such tenants he can do so for a long term of years. Thus this large rent that he can be assured of obtaining is more than enough to enable him to amortize such a large proportion of the building cost that should the values contract again during the period of these tenants' leases the additional rents he has obtained will have returned so much of the investment that the structure will stand him at an equivalent to a pre-war basis.

Judicious hand-picking of tenants enables the banker to have strong corporations and firms around him, who can bring profit to the bank by keeping a very substantial balance with him, which if anything add lustre to his enterprise. This is in contrast to the old condition that prevailed when his tenants borrowed the shedded lustre by the fact of being in the big bank's building.

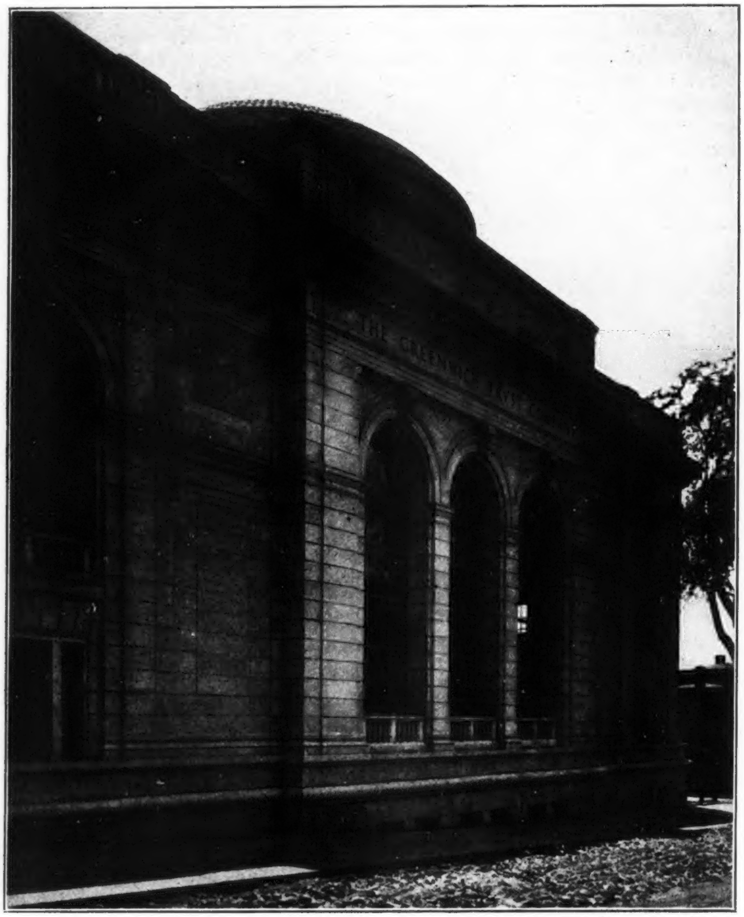
Not only can large rents be obtained, but also the tenants are not so arbitrary in requiring changes. They will now pay for light (which they formerly never did) and bear many other minor charges which used to be quite an item in the maintenance and upkeep of a building.

A banker realizing these big rents tenants will pay, but not feeling justified himself in taking the entire ground floor of his building, can readily make a lease for a term of years with some suitable store so that after this expires he can expand into the whole space, having in the interval received enough rent to more than justify the additional present investment. But in this connection a note of caution must be sounded, for within the writer's experience many a banker has intended making such changes at the end of ten years, for instance, when to make them would involve an expense greater than the entire ten years' rent. This unsatisfactory condition can easily be avoided by a little careful calculation beforehand.

Where the ground floor is leased care should be taken not to make such contracts for too long a period, as once it becomes known a bank has to buy out its own tenants to enable itself to spread, Jesse James looks modest in his demands as compared to the average tenant. It is far better to take a little less rent on account of not giving a long lease than to place the bank in such an undesirable predicament.

In the event of a rearrangement of the bank's existing space being sufficient to satisfy the requirements, then the present cost of

A wood screen, a painted wall and a composition floor can give as much dignity, if handled with care, as marble and bronze. This example worked out in black with sparing use of gold has a character that no bank need be ashamed of.
Alfred C. Bossom, Architect



A building does not necessarily have to be unattractive simply because it has no carving. Alfred C. Bossom, Architect.

building makes it good judgment for the banker to do this as economically as is consistent with the importance of his institution. For with the continued growth of banking activity it will only be a reasonable number of years before a more drastic development than a mere readjustment of space will be necessary, in which case the present expense will have to be written off. Often such readjustments are entirely justifiable, due to the existence of unreasonable leases, the uncertainty of the character of a town's development, or inability to obtain the piece of property desired at the time.

The banker naturally feels a marked responsibility in going ahead with a new building at this time, for he is literally the custodian of public funds. His responsibility is first, to his depositors, then to his stockholders, and an incautious development is liable to react to his detriment both as regards his deposits and his stock value.

Where a banker feels that the bank's future is better safeguarded by an individual building rather than an office structure a different problem is faced, for in ten years' time it is possible that the bank might be able to build for less money than today, and he will not have the advantage of seeing the building's cost amortized by big rents obtained from tenants. In that event wisdom seems to point to the banker being particularly cautious in his method of procedure. The exterior of his building must be of a permanent character in every sense, but should be so designed that an addition could be added without defacing it, and he should not build larger than is necessary to care for the present and about ten years to come, that is, not discounting the future to too large an extent.

Material that is too good or more expensive than the locality demands will not bring additional accounts, and may be a boomerang. The best natural lighting and ventilation cost nothing, and good design and arrangement will make delightful quarters as well as rent offices when the most elaborate marble corridors and bronze elevator fronts will leave buildings standing vacant. Simplicity today is the keynote. The banker should avoid stunts or useless carvings, which do not add to the individuality or attractiveness of the bank's home.

It is most difficult for the average banker to go into detail when he undertakes a new building. He can and does probably travel around the country to see different marbles that he will use in his banking screen. He looks at mahogany, walnut and oak for his furniture, and brick, limestone and granite, or artificial stone for the exterior, but when it comes to matters like foundations, steel frames, floor construction, where the real expense of the building comes, he cannot necessarily pass wise judgment upon such matters. This makes it all the more essential in these days of high cost that he ally himself only with absolutely competent people who will get for him the utmost for the money he expends, and in the smallest practical space that he can cover. In other words, the best professional advice was never more important than it is today.

It is a wise precaution to select materials that are available locally as far as possible, for this has a double benefit; it insures the bank's obtaining them, and it also spreads the money around its own community, creating a very friendly spirit, which might not be the case if it all were spent elsewhere.

In the exterior of the buildings new materials are beginning to appear. Artificial stone, stucco combined with terra cotta, and others

to reduce the initial expense and give good results are well worth considering. Electric protection and conspicuous locations are used as protections for the vault, with thinner steel linings, but the wisdom of such a course needs most careful consideration before adoption.

Many minor expedients can be adopted now to help the banker get additional accommodation in some way to prevent his being handicapped should costs go down in the future. He may spread his bank upstairs. The old idea that the bank's entire force had to be on one floor has been found quite unnecessary. Suitable elevators and staircases have eliminated the need for having everything located on the ground-floor level of very valuable real estate. Bookkeepers above, vaults below, economize space.

Wood counter screens with low marble bases have again come into popularity due to the expense and difficulty of obtaining bronze and marble. Nevertheless, the way to keep down the cost is to use the smallest number of bricks or the least quantity of stone that will satisfactorily suffice. In other words, do not spend money for more building than is necessary unless the structure so built is going to become a revenue-producing unit, though when building the smallest suitable building the banker must carefully protect himself by buying enough real estate to enable an addition to be added in the future without risk of being held up when the bank's home has to be enlarged.

There is one thing upon which a bank cannot afford to be economical and that is upon its location. The bank today needs customers in much the same way as the highest grade store, as it handles goods which should be worth 100 per cent. of their face value. Woolworth's, United Cigar Stores, Childs, etc., have demonstrated conclusively the great advantage of getting the best site and a bank is in a similar condition. Not alone does the convenience of location cut an important figure, but conspicuousness equally so. Even in rural districts the depositor likes to be seen going in and out of his bank. Many a farmer has been influenced when he comes to town in the placing of his account by this consideration; and no matter how beautiful a bank building, if in the wrong spot it will have an up-hill fight. The personnel of its officers will pull business, but the right location of its home will be a tremendous reinforcement.

It is the locality that mainly produces the rent for tenants of a building, for though a bank can fill its building when other buildings are empty it can do this far more readily in the right location than in the wrong one.

Bankers today will not make loans to irresponsible people; and yet how often do we see them tying themselves up in what amounts to a partnership with irresponsible or inexperienced people. All aid and advice should be eminently reliable. Today of all times it is indispensable that the contractor should be selected not alone upon his experience and reputation, but also upon his financial ability, for cooperation with such a man enables the bank to take advantage of every discount and all other means available to purchase materials in the cheapest market and to organize his labor and keep it organized.

The small contractor, if he finds a contract is going against him and has bankruptcy standing in his path, almost certainly will try and get from under, and in the last analysis the banker will have to carry the bag. A banker had better realize this before he starts than to allow himself to be hoodwinked into thinking that signing a contract ends his troubles. It may be the beginning of them.

It is a good plan to get one of the younger members of the bank's staff who is of a constructive turn of mind to give his whole personal attention to every detail. This not only will react in keeping the lid down on expenses, but will also give the bank some one who is fully informed on all conditions existing within the building's fabric and the condition of affairs at all times.

In the last analysis, if the banker needs a building he should obtain the best advice and contractor possible, take advantage of every discount that he can, buy his materials in the best markets and thoroughly follow up all the various ramifications of the operation—in other words, use the same judgment that he uses in conducting his business; and in that event he can today go ahead with his building, feeling assured that no matter what develops in the future it will not react against him, but instead will be a material asset, insuring a permanent home for his institution with all the benefits that that implies.

Desired Amendments

By J. E. Boyce

President Cotton Belt Savings & Trust Company of Pine Bluff, Arkansas

Several items that have seemed to us to be worthy of consideration in the way of amendments to the Federal Reserve Act are as follows:

We think the Federal reserve banks should pay the member banks interest on their daily balances at some fair rate.

We think that with proper safeguards, cash items should be credited member banks as received, for the purpose of considering legal reserve, and eliminating the clerical work entailed in keeping track of credits of items by zones.

We believe that interest rates should not be universal all over the United States, but that interest rates should be adjusted in each reserve district to meet conditions. For instance, if the Federal Reserve Board wishes to raise rates to curtail speculation in New York and other centers, there is no good reason why every section of the United States should be penalized, especially agricultural communities where banks are borrowing money for the increase of the production of feed and foodstuffs.

I do not believe it just, especially to the smaller country banks, to require them to remit for checks at par, but think that some fair compensation for handling all business should be allowed the banks.

Some Concrete Results From "Make A Will Day"

By Francis H. Sisson

Chairman Committee on Publicity, Trust Company Section and Vice-President Guaranty Trust Company of New York

REPORTS from various parts of the country indicate many beneficial results obtained from cooperation in "Make a Will Day," which was observed on January 21, as part of the thrift week campaign of the Y. M. C. A.

The Committee on Publicity of the Trust Company Section, American Bankers Association, undertook the direction of this day in planning the campaign and preparing printed matter, as well as lending every possible assistance to trust companies in different parts of the country.

A few of the comments and interesting reports on the success of the day, as contained in recent correspondence, follows:

From Louisville, Ky.—"The increased publicity which we will get from the National Thrift Campaign should make our appeal decidedly more effective."

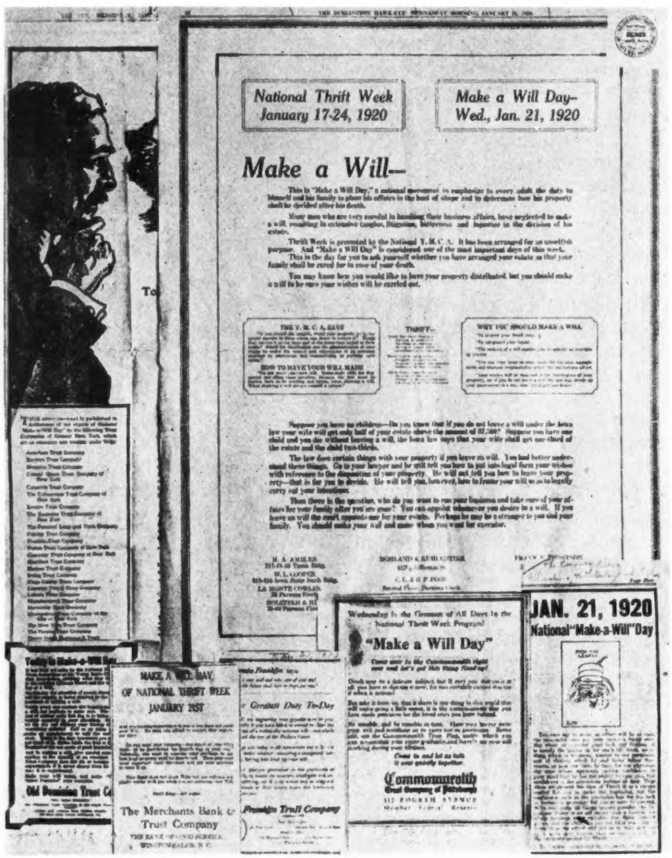
From Litchfield, Ill.—"This is the sort of a publicity campaign that we like to see inaugurated by the Trust Company Section, as it will aid materially, we believe, trust companies in the smaller cities like ours."

From Richmond, Va.—"All of the trust companies got together and provided a fund to take care of advertisements appearing in the daily papers. In addition to this, posters were used in windows and the trust companies provided speakers to appear at all of the large industrial plants to make twenty-minute talks to the employees, which proved very successful. We believe that we have made considerable headway in bringing the citizens of our community to a realization of the advantages of having trust companies look after their affairs."

Buffalo, N. Y., was one of the cities where "Make a Will Day" was enthusiastically indorsed. Members of the Kiwanis Club celebrated "Make a Will Day" at their weekly luncheon at the Hotel Statler. The program was in charge of prominent trust company officials. They left no doubt in the minds of the Kiwanians that the man who dies without having made a will fails in one of the greatest responsibilities incumbent upon him. The chairman of the Buffalo Thrift Week Committee stated that "the making of wills in Buffalo during this week has been greater than during any previous week in the city's history:"

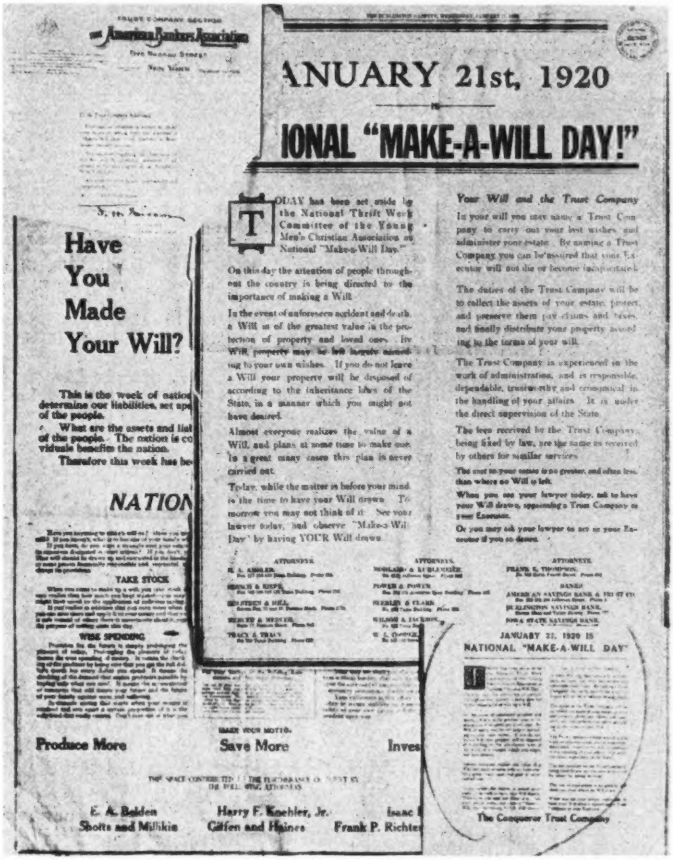
The trust companies of Spokane, Wash., were very much elated with the results obtained. A letter from that city states:

"Our institutions as well as our attorneys received much profitable publicity, which they could in no other way have received. I am certain that we have promoted a better understanding between the lawyers and the trust companies. Our committee in carrying out its plans cooperated with the Y. M. C. A. committee of this city and also the president of our local Bar Association. We employed as publicity medium all of the posters and poster stamps put out by the Trust Company Section, joint advertisements by our institutions in the newspapers, editorials and interviews of trust company men of the city and some of our Superior Court judges upon the importance of will-making, which were also published in the papers. The large posters were displayed in the lobbies of the banks and public buildings, and distributed among the business houses of the city, where they



were displayed in the windows. We also delivered in person to practically every lawyer in the city the cardboard poster of the smaller size for display in their offices and a quantity of the poster stamps for the mails. These deliveries were not made by messengers. Men of the various institutions, actively engaged in and familiar with trust department activities, were delegated with the distribution among the attorneys, in order that any opposition or inquiries might be intelligently met on the instant. With very few exceptions the attorneys called upon were more than willing to cooperate with us in this national movement by displaying the posters in their offices. Several asked if they could not display the posters the year round. While the results obtained from our efforts cannot to any appreciable degree be measured at this time, yet it is surprising how many inquiries we have had in our institution during the last few days from prominent people of the city relative to will-making and expressions from them that this has been the means of again bringing to their attention an important duty that they had been neglecting. We feel that we have accomplished a great deal in furthering trust company publicity, but believe that this is only a beginning of what can be done on a similar occasion in the future."

Illustrations accompanying this article indicate the character of advertising carried by only a few of the participating companies. One noticeable feature in connection with this campaign was the assistance given by local bar associations or individual lawyers. Officials of bar associations in such cities as Rochester, Spokane and Sacramento heartily indorsed the movement; while in New London, Conn., the New Haven Bar Association underwrote a page of display advertising. In Burlington, Ia., ten attorneys underwrote a full page upon this subject, while in Hamilton, Ohio, a full page was underwritten by six attorneys. A joint advertisement by eleven attorneys and four trust companies also appeared in Burlington, Ia. In a number of communities, lawyers spoke in industrial plants, schools and before Chambers of Commerce, Rotary Clubs and other groups on the importance of making a will. This activity was noticeable in such cities as Hartford, Conn.; Washington, D. C.; Seattle, Wash., and Topeka, Kan. A particularly interesting item stating that lawyers were at the County Court House to prepare wills free of charge was received from Omaha, Neb. In Butler, Pa., competent attorneys were at the disposal of those who desired to have their wills drafted free of charge. In Bridgeport, Conn., the judge of the Probate Court issued a statement on the importance of making wills, while in Macon, Ga., three men were appointed to assist any persons desiring to make a will. In Adrian, Mich., prominent attorneys addressed the workmen of four large industrial plants on the importance of making a will, while in Williamsport, Pa., members of the legal profession rendered a similar service.



Local attorneys in Binghamton, N. Y., also spoke upon this subject in a number of factories.

In Omaha, Neb., trust companies were successful in securing the consent of the street railway to place a poster on each street car during "Make a Will Day."

Following the use of a large joint advertisement in the daily newspapers, the secretary of the Associated Trust Companies of Central California, consisting of thirteen institutions in San Francisco, Oakland, Sacramento, San Jose, Berkeley and Chico, wrote: "We are satisfied a great deal of good will come from the advertisements."

Practically a full page of advertising was placed in twelve newspapers in New York City on January 21, signed by twenty-five trust companies.

An interesting and valuable comment upon this campaign was received in a letter from an officer of the Associated Advertising Clubs of the World, in which he stated:

"This sort of advertising does ever so much more than merely help the trust companies that use it. It performs a useful public service. In spite of all the facilities at hand, it is remarkable that men should continue to die intestate, or that they should make foolish wills."

No more constructive work was shown in any city of the country than Spokane, Wash. The real results of the campaign in that city are undoubtedly to be credited to W. J. Kommers, president of the Trust Company Section of the Washington Bankers Association and president of the Union Trust Company of that city. Mr. Kommers prepared a series of articles upon the value of will-making which appeared in the local newspapers, one of which read as follows:

"A death-bed will is as sorry a substitute for a carefully prepared instrument as a death-bed repentance is for a well-ordered life.

"That indictment may be laid at your door if you neglect your manifest duty to make a will. More than 97 per cent. of all Americans, a writer in the *American Magazine* states, die without making a will. This startling fact is rendered more astounding because it is undoubtedly true that nearly every one intends to make a will—sometime!

"It is the privilege and the duty of every person, no matter how much or how little he owns, to prepare written instructions for the disposition of his property after his death. Whether the measure of the fortune be $500 or $5,000 the obligation to make a will remains.

"Your will is the most important personal instrument you will ever be called upon to execute. Your last will and testament is the final repository of your wishes. When you are gone, it becomes your living voice directing the management of your affairs. It is the final disposition of your life work.

"The importance of making a will should be obvious, yet the fact that it contemplates the ultimate end of this earthly existence has apparently led many people to avoid the performance of this duty.

"Although a will is intended to take effect only upon death, the performance of your duty will in no way hasten that event. On the other hand, statistics will prove that the "will maker" lives longer than the average span of human life, possibly because of the ease of mind resulting from the appreciation of having made the best possible provision against the arrival of that day, the coming of which is certain for all.

"No person should be deterred from making a will by any fear that its execution will be a hindrance to his plans for the future. The making of a will is a safe-guard against being suddenly overwhelmed by the inevitable.

"As long as you live, it is within your power and under your control. Its contents need be known to no one. You can at any time add to it, modify it as conditions change, revoke any of its provisions or destroy it altogether. Your last will will be the final expression of your intentions—your spokesman when you are gone."

It will be seen from the above that the value of special and concerted effort in respect to securing action upon this important matter, in connection with which there has always been so much procrastination, can be secured if the campaign is properly prepared and carried out.

Effective Cablegram on Europe's Needs

FRED I. KENT, vice-president of the Bankers Trust Company and a member of the Committee on Commerce and Marine of the American Bankers Association, sent on February 26 an important cablegram from Paris to Chairman McHugh of the committee, setting forth cogently reasons why, in view of the situation in Central Europe, Congress should vote a $50,000,000 credit for the purchase of raw materials and food to relieve distress. Nation-wide publicity was given Mr. Kent's cable, and copies of it were sent by the secretary of the Commerce and Marine Committee to each member of Congress. Numerous replies showed the effect of the cablegram on the minds of the legislators, and it is believed that Mr. Kent's message was markedly influential in bringing about Congressional authorization for the U. S. Grain Corporation to sell, on credit, if necessary, 5,000,000 barrels of soft-wheat flour to relieve populations in certain countries.

Mr. Kent who has been in Europe upwards of seven months stated in the cablegram that he had given part of his time while there to studying conditions from the standpoint of the interests of American commerce and the American people in his capacity as a member of the committee. He said that while thoroughly convinced that Europe, for her own good, should borrow as little as possible from America, yet he firmly believed that the $50,000,000 credit asked of Congress for Central European countries should be granted immediately. The cablegram continued:

"It would seem a great pity for our country, which has done so much, to risk losing the results of their past action by failing to meet the needs of the present hour. American interests in this movement through American trade and American need for peace throughout the world are just as great as those of the European nations which are ready to take part upon American initiative, even though their economic position has been seriously disorganized.

"Knowing America from ocean to ocean, I am certain that the hearts of the people are right and that they would rise to meet any human emergency that they felt required their help regardless of their personal interests. But in the present emergency there is not time to wage a campaign of education and it would seem necessary, therefore, for America to accept the statement of their European representatives of today, governmental and commercial, for various associations and personal, who are familiar with the situation and who unanimously agree that the loan should be made."

Thorough Supervision

Form of Report Required by Bank Commissioner N. T. Poster, of Utah, from Directors Examining Committees

STATEMENT OF CONDITION AT CLOSE OF BUSINESS

...., 19.......

RESOURCES	Dollars	Cents	LIABILITIES	Dollars	Cents
1. Loan and Discounts (Sch. 1)			1. Capital Stock Paid In		
2. Overdrafts, Secured			2. Surplus Fund		
3. Overdrafts, Unsecured			3. Undivided Profits		
4. Bonds and Warrants (Sch. 7)			4. Due to Reserve Banks		
5. Stocks, Securities, Claims, etc. (Sch. 8)			5. Due to National Banks		
6. Banking House			6. Due to State Banks		
7. Furniture and Fixtures			7. Individual Deposits		
8. Other Real Estate Owned (Sch. 9)			8. Demand Certificates of Deposit		
9. Due from Reserve Banks			9. Cashier's Checks		
10. Due from National Banks			10. Certified Checks		
11. Due from State Banks and Bankers			11. Dividends Unpaid		
12. Checks and Cash Items			12. Postal Savings Deposits		
13. Exchange for Clearing House			13. Savings Deposits		
14. Cash on Hand			14. Time Certificates of Deposit		
15. Expenses and Taxes Paid			15. Notes Rediscounted (Sch. 10)		
16. Other Resources (describe fully)			16. Bills Payable (Sch. 11)		
			17. Reserved for Taxes and Interest		
			18. Other Liabilities (describe fully)		
Total			Total		

Schedule 1. **LOANS AND DISCOUNTS**

A.—Loans without security	$			
B.—Loans secured by collateral or personal property				
C.—Loans secured by real estate mortgages or other liens on realty				
Total (This must agree with Item 1—Resources)	$			

Schedule 2. LOANS AND DISCOUNTS

D.—Included in the above schedules are demand and matured loans on which the interest has not been paid for a longer period than twelve months, amounting to	$			

Schedule 3. **LOANS AND DISCOUNTS—Exceeding 15% of Capital and Surplus**

NAME OF BORROWER	REMARKS	Amount
		$
Total		$

Schedule 4. LOANS MADE ON COLLATERAL SECURITY CONSIDERED INSUFFICIENTLY SECURED

NAME OF BORROWER	Amount	NAME OF COLLATERAL	Market Value*

* If collateral has no market value, so state, and give actual value.

Complete all schedules, writing in the word "none" if there is nothing to be entered,

Schedule 5. LOANS CLASSED AS BAD OR DOUBTFUL (With reasons for so regarding them)

MAKER	Amount			REMARKS (Make your recommendation as to disposition of the loans)
Total	$			

Schedule 6. LIABILITIES OF OFFICERS, DIRECTORS AND EMPLOYES

NAME	Position	Liability As Payer			Liability As Endorser			Cash Items			Overdrafts		

LOANS AND DISCOUNTS

NOTE—Please answer ALL questions. If your examination is not sufficient to enable you to answer the questions intelligently, so state in your answers, but make some reply to every question asked, in order that your Board of Directors and this Department may be informed as to the extent and thoroughness of the examination.

(1) Did you make a list of the loans?................ (2) Were they found in balance?................ (3) To the best of your knowledge and belief, are the signatures and endorsements on all notes genuine?................ (4) Are all the securities pledged as collateral for the loans and discounts in the custody of the bank?................ (5) Have the provisions of the Banking Law, regulating the total amount which an individual, firm, company or corporation may become liable to any bank, been violated through accommodation loans or otherwise? If so, explain fully below................ (6) Do you know of any loans to individuals, firms or corporations, which appear on the books of the bank in a name other than that of the actual borrower? If so, give full particulars below................(7) To the best of your knowledge and belief, is the bank liable in any way for loans or other securities placed with other banks, individuals, firms or corporations, that are not properly listed in the statement as contingent liabilities?................ (8) Does the cashier submit a written list of the loans and investments made, and the existing liabilities of the Officers and Directors at each quarterly meeting, for approval, as required by law?................ (9) Do you approve of all loans made to Officers and Directors? If not state exceptions below................

OVERDRAFTS (Attach list of names and amounts of those considered worthless or doubtful)

(1) Did you make a list of the overdrafts?................ (2) Were they found in balance?................ (3) Are overdrafts habitually granted?................ (4) Does the total amount of overdrawn accounts show in the Daily Statements?................ (5) Did you find any checks in the Cash Items held to avoid overdrafts?................ (6) Are all checks, overdrawing accounts, referred to the proper officers?................

Schedule 7. BONDS AND WARRANTS.

CLASSIFICATION	Face Value			Estimated Actual Market Value			Carried on Books		
	$			$			$		
A.—State, County and Municipal Bonds									
B.—Railroad Bonds									
C.—Other Public Service Corporation Bonds									
D.—All other Bonds									
E.—State, County and Municipal Warrants									
F.—All other Warrants									
Total (This must agree with Item 4—Resources)							$		

If space in schedules is not sufficient, list on separate sheets and attach.

Schedule 8. **STOCKS, SECURITIES, CLAIMS AND JUDGMENTS**

PAR VALUE	NAME OF CORPORATION ISSUING	Amount at Which Carried on Books	Estimated Market Value	How Acquired and Date
$		$	$	
$	Total (This must agree with Item 5—Resources)	$	$	

Schedule 9. **OTHER REAL ESTATE OWNED**

Describe Character of Property, as "Farm," "Residence," etc.	Acquired (Date of Deed)	Amount at Which Carried on Books	Estimated Value
		$	$
Total (This must agree with Item 8—Resources)		$	$

(1) Did you verify the bonds and warrants and other securities listed in the foregoing schedules, and did they agree with the amounts carried on the books of the bank?.................. (2) In your opinion, are any of the securities, including banking house, furniture and fixtures, and other real estate owned, being carried on the books in amounts in excess of their actual value? If so, make recommendations below as to proper reductions.................. (3) Has the bank held title to any real estate, other than banking house property, for a period of over five years?..................

CASH AND CASH ITEMS

(1) Did you count the cash, and did same agree with amount as shown in the statement?.................. (2) Do the tellers' cash books show a permanent record of the cash each day in ink?.................. (3) Are overs and shorts carried in the cash books?.................. (4) Do you approve of all items carried in the cash items? List exceptions below.................. (5) Do the officers watch the cash item account carefully, and are they familiar with all items carried therein?.................. (6) Describe fully any irregular items

EXPENSES

(1) Did you carefully examine the expense account?.................. (2) Is it properly itemized?.................. (3) Do you approve of all the items charged thereto?.................. (4) Do the officers watch this account carefully and are they familiar with all items charged thereto?.................. (5) Did you find any excessive items of expense?..................

CAPITAL STOCK

(1) To the best of your knowledge and belief, is the capital stock of the bank owned as shown by the stock certificate book and ledger? State exceptions below.................. (2) In your opinion, is every stockholder able to meet his or her double liability? State exceptions below.................. (3) To your knowledge is any director disqualified by reason of not retaining the amount of stock required by law to be held unpledged or unhypothecated?.................. Does the bank own or hold as collateral any of its own stock? If so, explain how obtained..................

DEPOSITS

(1) Did you make a proof of the Individual and Savings Ledgers, also Demand and Time Certificates, Cashiers' Checks and Certified Checks outstanding?................ (2) State below exceptions or any discrepancies found...

Schedule 10. **BILLS PAYABLE AND REDISCOUNTS** Schedule 11.

NOTES AND BILLS REDISCOUNTED		BILLS PAYABLE	
To Whom	Amount	To Whom	Amount
Total (This must agree with Item 15—Liabilities)	$	Total (This must agree with Item 16—Liabilities)	$

NOTE—Include in Schedule 10 above, all notes, bonds, warrants, and other securities sold under an agreement to repurchase. Also acceptance of drafts payable at a future date for which there is a contingent liability.

Schedule 12.

LOSSES ESTIMATED THROUGH BAD AND DOUBTFUL ASSETS, OR DEPRECIATION IN VALUES

	Amount at Which Carried on Books	Estimated Doubtful	Estimated Loss
	$	$	$
Loans and Discounts			
Bonds and Warrants			
Stocks, Securities, Claims, etc.			
Banking House			
Furniture and Fixtures			
Other Real Estate Owned			
Other Losses			
Total	$	$	$

NOTE—The above schedule is very important. Be sure and make it full and complete.

MISCELLANEOUS

(1) Did you carefully figure the average legal reserve for the 30 days preceding the examination?................ (2) Did you find it below legal requirements? If so, give dates and percentages below................ (3) Are the books and accounts properly kept, so as to enable you to make an intelligent examination?................ (4) Are the officers complying with the provisions of the State Banking Law and the Rules and Regulations adopted by the Board of Directors?................ (5) As far as you are able to determine, is the bank in a sound and solvent condition?................ (6) Make any recommendations you may have for improvements................

TO THE CASHIER. If no meeting of the Board is to be held within 10 days following the examination, immediately forward the report, signed by the Examining Committee, advising approximate date of next meeting. As soon as possible, forward a copy signed by the Examining Committee and the Directors, upon receipt of which the first copy will be returned. If a majority of the Board of Directors act as the committee they must sign both places.

Respectfully submitted,

....
.... Examining Committee
....

We, the undersigned Directors of the above-named bank, being present at a meeting of the Board, held.., 19........, do hereby certify that the foregoing report of our Examining Committee was read at said meeting, adopted and made a part of the minutes. We further certify that we have carefully examined this report and are satisfied that it gives the true and exact condition of the bank, that the criticisms are just and the recommendations good, and that we will endeavor to comply with same at the earliest possible moment.

....
.... DIRECTORS
....

NOTE—If for any reason any Director does not approve of the criticisms or recommendations made, or is not fully satisfied that the report reflects the true and exact condition of the bank, let him state exceptions or objections in writing, sign and attach to this report and see that a record of same is made in the minutes.

Praise from Sir Horace

(Editorial in The Saturday Evening Post)

The Bankers' Good Example

NOT the least admirable work performed by the American Bankers Association has been the establishment of a well-conceived and well-equipped organization for the special training of young men in the lower levels of the banking business. The American Institute of Banking, as this subsidiary of the parent association is called, offers two thorough correspondence courses that are open to employees of banking houses all over the country on the payment of a modest tuition fee. The first covers the elements of banking and the second teaches the underlying principles of commercial law.

In the larger cities students are organized into chapters and are divided into classes for personal teaching. Instructors not only lecture to them and hear them recite but take the greatest pains to guide them in their studies and to lay out special courses to meet individual needs. From time to time the chapters are addressed by bankers of national reputation, and students have an opportunity to come into some personal contact with the great bankers whose names they see in the papers every day. No effort is spared to mold these runners and junior clerks into competent wide-awake young bankers, thoroughly grounded in the essentials of their business.

The Institute has proved so useful and has become such a powerful factor in instilling the elements of banking into thousands of young men all over the continent that it is indorsed by bankers everywhere; and there are many banking houses that will not engage an inexperienced clerk unless he will promise to avail himself of the educational advantages of the local chapter. Law, medicine and the higher ranks of engineering are fed by well-established and highly specialized institutions; but the semiprofessional occupations draw for the most part on high schools, grammar schools and business colleges that cannot pretend to offer much special vocational training. Once a boy has gone into such a business he is left pretty much to himself; and if he makes any rapid or material progress he owes it, in the main, to his own unusual initiative and ambition. If he works in a large city many opportunities may be open to him; but if his lot is cast in a country town his chances of advancement are correspondingly fewer.

Men highly placed in many of our industries of nation-wide activity might very well ask themselves if it would not pay to follow the bankers' example and establish a national training school, similar to theirs, for the technical education and development of the younger men in their own calling. Workers who have an assured future, who have their eyes fixed upon an alluring and an attainable goal, are not the sort who can be led away by the patter of the idle, the discontented and the disloyal.

A hundred industries are crying out for trained men. Within a very few years from now they should be able to find all they will require if they will lose no time in taking the matter systematically in hand and in beginning to groom the office boys, clerks and draftsmen of today to become the young managers of tomorrow.

State Taxes on Banks

By E. H. Wolcott
President State Savings & Trust Company, Indianapolis, Ind.

UNIFORM and just laws for the taxation of banking institutions should be the aim of the American Bankers Association, with the cooperation of all the state bank associations.

While some of the states have indicated a public interest in the matter, others continue to impose excessive burdens which are reflected in the commercial and industrial conditions of their respective commonwealths.

Constitutional provisions which are as antiquated as they are inflexible are still found in many states. They impose the provision for a general property tax which is as impossible to enforce generally as it is inequitable and iniquitous when enforced.

National banks have the same problems as state chartered institutions, being subject to the tax laws of the state where they are located.

Special reference will be made in this article to the need for repealing those laws which impose a tax upon the idle money in the legal reserves.

General Property Tax

The general property tax provides that all property shall be taxed alike without regard to the fundamental principles of a just taxing law, such as the "ability to pay" and the "benefits derived."

It is so universally condemned and is found to be so unfair and ineffective that we need not discuss its shortcomings. Practically every state that is so burdened has labored to secure a change. But it is a difficult task, as has been proved by some states which have endeavored to effect a revision and secure a proper law for the taxation of property.

The ordinary method pursued under the general property tax, in the assessment of banking institutions, is to determine the value of the stock for assessment purposes by using the capital, surplus and undivided profits as a basis and deducting from this the value of the real estate, which is assessed separately, the remaining amount being taxed as other property.

In the states of Indiana, Illinois, Ohio, Kansas, New Hampshire, Michigan, Colorado, Mississippi, Wisconsin, Iowa (which only allows a deduction for real estate holdings occupied by banking institutions), West Virginia, Nevada, New Mexico, North Dakota, South Dakota, Kentucky (which equalized the assessment of bank stocks with the assessment of other property in 1919 by taxing 85 per cent. of the value) and Georgia banks are assessed on the basis of the book value.

Other states have secured legislation that has enabled them to break away from the general property tax, either by classification or income taxation, but the resultant taxation of banks is exceedingly various even under these conditions.

In New Jersey, bank and trust company stock is assessed at three-fourths of 1 per cent. of value. In Minnesota the value of bank and trust company stock for taxation is determined by taking the capital, surplus and undivided profits as a basis and deducting real estate investments in Minnesota. The value of bank stock so determined is then assessed on a basis of 40 per cent. of this amount. In Maryland the book value is used as the basis for taxation at a rate of 1 per cent.

Bank values in North Carolina are determined by taking the book value as the basis, but permission to deduct investments in the United States, Federal farm loan and joint stock land bank bonds is given, such investments not to exceed 25 per cent. of capital and surplus. It is equivalent to exempting 25 per cent. of capital and surplus from taxation.

In Virginia, book value, less real estate, is the basis for assessment, but the total tax cannot exceed $1.43 for $100 of value.

In New York state the book value of capital, surplus and undivided profits is taxed at 1 per cent.

The state of Alabama assesses the value of capital stock at a "fair and reasonable" value, less assessment upon real estate, this being the basis for taxation, and for this purpose 60 per cent. of the value is the taxable value.

Arizona determines the value for assessment by estimating the earnings upon a basis of 12½ per cent. when the book value is taken for taxation purposes. Any earnings in excess of this are taxed proportionally.

The state of Connecticut taxes its banks and trust companies at 1 per cent. of the market value of the stock.

South Carolina uses the book value as the basis for taxation. The stock is taxed at 42 per cent. of this amount.

The state of Montana uses the book value as the basis for taxation, and taxes the value of the stock, less real estate holdings, on the basis of 40 per cent. of this value. The real estate holdings are assessed on the basis of 30 per cent. of their value.

In Wyoming, book value of capital, surplus and undivided profits, less the assessed value of real estate, is the basis for taxation, but 50 per cent. of surplus and undivided profits are exempted.

In the state of Massachusetts, trust companies are subject to a franchise tax, using the market value of issued and outstanding stock as the basis for assessment, after deducting real estate owned, which includes all mortgages secured by Massachusetts real estate up to its assessed value. The balance, called the "corporate excess," is assessed at the average rate of $19.41 per $1,000. There is a minimum tax of two-fifths of 1 per cent. upon book value of the stock.

In California, the state tax rate, which was formerly 1 per cent. was increased to $1.16 recently, and is levied upon the value of the capital stock as determined by the capital, surplus and undivided profits. All

real estate owned by the banking institutions, which is assessed locally, is deducted from the book value of the bank stock.

In comparing these various methods of taxation, one cannot fail to be impressed by the variations in laws governing the assessment of banks and trust companies in different states.

Deposits Escape High Taxes

It is well known that in the states that are subject to the general property tax, while deposits in banks and trust companies are taxable to the owners, the law is not enforced rigidly—in fact, in many instances not at all. If it was enforced through inquisitorial methods, it would mean widespread demoralization and commercial ruin, so that it is practically a dead letter.

But some fair law should be passed in every state that would relieve the uncertainty and anxiety that each assessing period creates. Many states have passed laws regarding the taxation of deposits which recognize this condition, and have attempted to effect protection to its citizens by enacting salutary and just laws.

In Connecticut, deposits in national banks are not taxed unless they exceed $500. Savings deposits are exempted, due to a special tax paid by the companies.

The state of South Carolina does not tax bank deposits.

In Mississippi, deposits are not taxed, as the law provides that all moneys loaned at less than 6 per cent. are exempt from taxation.

In Montana, moneys on deposit in banks and trust companies are taxed as credits and assessed at seven per cent. of their value for taxation purposes.

Wisconsin has an income tax.

Massachusetts has an income tax.

In California, savings bank deposits are not assessable for taxation. Commercial bank deposits are taxable to the depositors as solvent credits.

Pennsylvania does not tax deposits of trust companies.

In Georgia, deposits in banks and trust companies are not taxed.

The state of South Dakota taxes deposits in banks and trust companies at the rate of three mills upon the dollar.

Summary of Federal and State Taxes

To indicate the total of taxes which directly affects bank activities, we quote the following on the situation in New York. After noting the amounts reserved for taxes by various banks, which in the case of one institution amounted to over $3,500,000, we read in the *Wall Street Journal*, January 20, 1920:

"National banks have to pay five different kinds of taxes, state banking institutions, four. The national bank taxes for 1919 comprised the following:

"Federal income tax; representing 10 per cent. normal and excess profits taxes which on earnings of from 8 per cent. to 20 per cent. of invested capital was 20 per cent. and in excess of 20 per cent. of invested capital 40 per cent.

"Municipal tax; paid to the city on the stock of the banks (for account of stockholders). This tax is 1 per cent. of the book value of the stock.

"Federal capital stock: This is a tax of $1 per $1,000 of capital, surplus and undivided profits with $5,000 exemption. The government offers three ways of arriving at the amount of this tax, based on market value of the stock, based on book value and based on bank's earning power. Whichever is more favorable for the government is taken. This tax used to be 50 cents per $1,000 with a $90,000 exemption.

"Tax on national bank circulation: This is ½ of 1 per cent. for notes secured by 4 per cent. government bonds and ¼ of 1 per cent. when the notes are secured by government 2s or 3s.

"Real estate tax is also included in the figures of accrued taxes.

"The state bank institutions are liable for all the above taxes except that on circulation."

Abolish Tax on Bank Reserves

A deposit in a banking institution is a credit and a depositor a creditor. But unlike any other corporation, these debts are practically payable on demand—as notwithstanding the fact that many deposits are savings or time accounts, no good banking institution could refuse to pay any of these upon demand and must hold necessary reserves for this purpose. Further than this, the law requires national banks to hold 10 per cent. of their deposits as cash reserve deposited in the Federal reserve bank, without interest, and the various state laws require a certain percentage of deposits of state institutions to be held as cash reserve. This is idle money.

The cash held in reserve earns nothing, and as these reserves have no earning power and are held as idle money because the law requires it, some relief from taxation should be given to each banking institution to compensate for the lack of earning ability of these funds.

Practically the only objection that can be advanced against non-taxation of reserve requirements is that they are not the property of the bank, but belong to the depositors, and the law requires that a certain named per cent. of the different kinds of deposits shall be maintained in cash as reserve requirements. But deposits are subject to taxation in nearly all states, and would not be affected by this exemption.

Our contention is that this is idle money, money upon which the banking institution pays interest, especially that part which belongs to the savings accounts. If the financial institution is compelled to forego profit to protect its depositors, and cannot make such reserves an earning power, then the law should exempt such part of the surplus and undivided profits as is absorbed by this reserve requirement.

Conclusion

No one contends that bank stocks should not be taxed, that is, the capital stock paid in, but to exempt that part of the surplus and undivided profits which is represented by idle money held by the institution to protect its depositors would be an encouragement to financial institutions to build up additional surplus and thereby better protect those who trust them with their business interests.

Washington, Convention City

WASHINGTON, D. C. is to entertain the American Bankers Association at its forty-sixth annual convention the week of October 18 of the present year. While Washington is not the largest city in territory or population, it is the Capital of the United States, the mightiest nation on the earth, and as such it has undeniable preeminence among the great communities of all countries. Its preponderating influence is felt in every portion of the globe inhabited by man; the laws of Congress affect directly 110,000,000 human beings, and indirectly all peoples; its treasury is creditor of other nations to the extent of more than $10,000,000,000; its agencies of government touch every phase of life on the planet; it is a symbol of the ideals of those who believe in liberty and justice and popular sovereignty.

Washington also is the City Beautiful. Those who have girdled the globe times without number aver that no other city equals the capital of the United States in attractiveness. Under the direction of the First President the city was planned by L'Enfant, a distinguished French engineer, on a broad and enlightened scale and succeeding generations have striven to give effect to the original scheme. The broad, well-paved thoroughfares, with innumerable circles adorned with masterpieces of the sculptor's art, parks with magnificent trees and luxuriant shrubbery, the imposing government edifices, the skyscrapers of the financial and commercial district and the palatial residences all combine to form a capital of which every American is proud. It is not a manufacturing city, it is not a community given to trade; it is unique among American municipalities in its governmental aspects, its absence of hustle and bustle and its separation from the productive and trading features of all other great centers of population.

Nowhere else are so many objects of patriotic pride and extraordinary historic appeal to Americans as in Washington. From the world-famous Capitol to the White House, from Mt. Vernon to Arlington, in every street and avenue are buildings which are associated with important periods of our history as a nation. What visitor will ever forget the sky-piercing Washington monument or the Lincoln memorial, everlasting tributes of homage to greatest Americans. The Smithsonian Institute, the National Museum, the Library of Congress, the "three graces"—Red Cross building, Pan American Union building, Continental Hall—aligned with the Corcoran Art Gallery, the unequaled Scottish Rite Temple, all are familiar by name and picture and a personal visit serves to enhance their value in the estimation of the beholder.

Quite as a matter of course bankers have peculiar interest in the United States Treasury and its numerous departments. The building immediately east of the White House is the greatest storehouse of money and securities in the universe so far as known, or until communication with Mars may reveal something of surpassing magnitude. It is 450 feet long and 250 feet wide and so solid and massive as to defy the elements as it also safeguards the public treasure. Visitors are admitted to this building and also to the Bureau of Engraving and Printing where a million or more of paper money is produced every working day to meet the demands of trade and commerce. So vast are the interests confided to the Treasury Department that the original building, completed in 1869 and then supposed to be of sufficient size to meet the requirements for a century, is capable of accommodating only a portion of the bureaus, and huge structures to house the excess have been erected in recent years.

It is the ambition of every American to visit Washington. This is natural because of the sense of proprietorship. To him who has seen the city once there is a desire to repeat the experience and to view wonders which he missed on the initial pilgrimage. There is a welcome for all. Presidential inaugurations and a multitude of conventions have schooled the people of the city in the art of hospitality to large assemblages. When the District of Columbia Bankers Association invited the American Bankers Association to hold its forty-sixth annual convention in Washington it was the unanimous action of all the banking institutions civic and commercial organizations in the District, and already they have organized in the work of preparation and will make provisions for all the thousands who are expected. The business sessions of the Association will hold first place in consideration, after which the features of entertainment will have their place and it is promised that in this respect there will be enough in variety and value to satisfy the most exacting.

"On to Washington" is the slogan this year among the officers of two score thousands of banking institutions.

At a meeting of the District of Columbia Bankers Association held last week at Washington a fund of $20,000 was appropriated incident to the annual convention of the American Bankers Association to be held in Washington in October. "Local bankers and business men regard it as a distinct honor to have this city chosen as the place for this important gathering of financiers and are preparing to provide entertainment in keeping with the event," said Colonel Robert N. Harper, Chairman of the Executive Committee in charge of the affairs incident to the completion of arrangements for the convention. The remaining personnel of the Executive Committee is as follows:

George W. White, W. T. Galliher, H. H. McKee, Joshua Evans, Maurice D. Rosenberg, and Harry V. Haynes. The latter, who is president of the Mechanics National Bank of Georgetown, has been elected president of the District of Columbia Bankers Association.

Attacks Excess Profits Tax

RICHARD S. HAWES, President of the American Bankers Association, addressed the Chicago Association of Commerce, March 10, on the subject of present day finances, in the course of which he attacked the excess profits tax as a contributing factor to the high cost of living. He also declared that revision of the war revenue law was needed for the purpose of bringing it back to sound principles which would aid in rectifying the present situation.

Taxes that can be passed on from one person to another with a profit, or are repressive or confiscatory, are a detriment to our economic existence, said Mr. Hawes.

"The excess profit tax has outlived its usefulness and now stands as a detriment to sane industrial development in the reconstruction period," said President Hawes. "Although the excess profit tax is in the form of a direct tax on profits, it is in effect a most unsatisfactory commodity tax. The manufacturer or merchant subject to the tax is required to estimate in advance the amount he is compelled to add to the selling price of the commodity and in turn to pass this on to the ultimate consumer in order to protect himself against the heavy imposition. Consequently, a business concern is naturally more apt to overestimate than underestimate his liabilities. Thus the uncertainty of the tax has made it an obnoxious burden to both the one taxed and the ultimate consumer. In the matter of primary production, is it just and fair to expect a man who owns timber in a forest, or ore in a mine, to cut that timber and give the government a large percentage of what is in fact his reserve capital? The law indirectly tends to deter both expansion and production because it penalizes credit. A corporation with good credit that expands its business through loans is given no credit for capital so employed, no exception being made for the borrowed capital."

Americans, with their usual optimism, have been enjoying what seems to be unexampled prosperity. Much of this prosperity is unreal, because people overemphasize the significance of wages and money which is being paid in terms of an inflated price level both for goods and service. In this connection the speaker said that the money question is certain to play an important part in the coming years and may confront the nation in the form of bimetallism, demonitization of gold or other suggestions for abandoning the gold standard. The irresistible influence of prices and labor inflation have put demands upon the banks of the country for credit accommodations which have risen and are still rising at a very rapid rate. Mr. Hawes in his speech summed up some of the unfavorable business factors of the present situation as follows:

"Enormous increases in prices have produced speculation, waste and extravagance.

"Inflated currency of all of the leading nations of Europe has been accompanied by danger to the gold standard.

"Possibility of large decrease in the sale of goods to our chief customer—Europe.

"Increased demands from labor.

"Presidential election is a disturbing factor in business.

"Continued heavy demands for capital invested especially in Public Utilities and railroads.

"Increased and unscientific tax methods."

He added that the solution of these conditions was difficult to prophesy and dangerous to indulge in, but most dangerous of all was either hysterical or excitable comment. He advocated straight thinking and calm judgment as the best aid to solution and offered in counteraction of the unfavorable the following favorable conditions:

"Central and Eastern Europe may recover more quickly than anticipated.

"Capital and labor should, and probably will, be upon a more just and equitable basis.

"Less of the world's capital will be invested in armaments.

"Governments, we hope, will be more efficient and more economical.

"Industry and savings will in time assert themselves and the people should begin to realize that their extravagances are a menace to themselves.

"The supply of goods in our country is behind the demand at the present time, but there is a possibility of the purchasing power being reduced—the markets being restricted. The natural resources of our country have always measured up and responded upon call.

"The railroad problem is at least beginning to have a solution.

"Decrease of speculation seems evident and should be encouraged. This not only applies to stocks, but it should apply to merchandise accounts and commodities held for speculation.

"Increase of immigration, which will add to the supply of labor.

"Our large stock of gold is favorable and a gradual recession and readjustment to more normal prices.

"Under existing conditions, rates of money should continue to be high with hopes of liquidation of securities and commodities. Business activities may slow down and commodity prices possibly seek a lower level. However, no violent period of readjustment is apparent, but a gradual, safe progress. Manufacturers and merchants should endeavor to keep their business in as liquid a condition as possible."

The levy of surtaxes under the income tax law has caused those with large incomes to invest almost entirely in one class of security—tax-free bonds. This class of tax-free security is entering so actively into competition for funds that business activities are being adversely affected. The man of large means who now buys tax-free securities formerly constituted the class whose savings and wealth provided in a large measure the means for commercial development. The speaker advocated that, since it is impossible to eliminate the tax-free securities that are now outstanding, the income tax law should be amended so as to do away with this evil tendency and to make a distinction between an earned and an unearned income.

Financing Foreign Trade

Plan Suggested to Members of the American Bankers Association by Mr. John McHugh, Chairman of the Association's Committee on Commerce and Marine, Elicits Favorable Opinions

AN important development of the activities of the Committee on Commerce and Marine of the American Bankers Association is signalized in "A Plan for the Financing of America's Foreign Trade," by Mr. John McHugh, chairman of the committee. This "plan," after most careful preparation, was considered by the committee, and then was sent in booklet form to members of the Executive Council of the Association, and to members of the Association, including banking institutions in the larger cities and national banks throughout the country, with the request for expressions of opinion on the financial machinery suggested for the furthering of America's foreign trade and with an added request for any alternative proposal. The replies, so far as received, indicate a very decided unanimity of opinion favorable to the ideas advanced by the chairman, which ideas do not in any way commit the Association or any financier or group of financiers. The "plan" is offered for the careful consideration of bankers and others interested, and, it is hoped and believed, will stimulate constructive discussion and any appropriate feasible action relative to America's foreign trade problems.

As stated by the chairman of the committee in connection with the "plan," "it is fair to assume that the general opinion is that our foreign trade, both export and import, in proper relative volume, is necessary to a satisfactory domestic situation here. It would seem, therefore, that what we should concern ourselves with most at this time is:

"First—What method or financial machinery should be adopted or brought into existence effectively to handle long-time credits in the interests of American trade?

"Second—Having agreed on the method or the financial machinery to be adopted or brought into existence, what is the best way to bring it into existence? and

"Third—Having brought it into existence, what shall be done to make it function so as most effectively to do that which it was brought into being to do?"

Taking these up in their respective order, it is stated in the "plan":

"It would seem that the answer to the first is that steps should be taken at once to organize a financial corporation under the provisions of the Edge Act with the purpose in view of having a corporation capitalized at least for $100,000,000. *The personnel and the management should be the best that can possibly be provided and one in which the confidence of the American investing public can be reposed without any question whatever.* One large sufficiently capitalized financial organization is suggested rather than many smaller organizations for the reason that a single large one would be more influential in the foreign field and it could secure the cooperation of those in this country interested in its objects, namely, the bankers, exporters, manufacturers and others who would become its shareholders. Under the terms of the Edge Act the national banks of the country are permitted to subscribe five per cent. of their capital and surplus to the capital stock of such an organization. Subscriptions need not, however, necessarily be confined to national banks, but might include any bank, corporation, partnership or individual.

"The answer to the second might be that it should be organized and brought into existence by the combined efforts of the following active committees:

"The Committee on Commerce and Marine of the A. B. A.

"The National Committee on European Finance of the Chamber of Commerce of the U. S.

"The Finance and Currency Committee of the Chamber of Commerce of the State of New York.

"The Foreign Securities Committee of the Investment Bankers Association.

"The Committee on Foreign Trade Problems of the American Manufacturers Export Association.

"The Banking and Exchange Committee of the American Exporters and Importers Association.

"The Foreign Credits Committee of the Council on Foreign Relations.

"A Committee from the National Foreign Trade Council.

"And the various state bankers associations throughout the country.

"By uniformity of action on the part of all of these committees through a central body made up from among all of them, there can be no doubt that the capital running into very large figures could be readily secured."

Mr. McHugh continues:

"I am convinced, as a result of the interest shown by the bankers of the country in the work of the Commerce and Marine Committee of the American Bankers Association, that a large number of the bankers are ready to cooperate in the formation of such an organization. I am further convinced that the bankers realize the effect the maintaining of our foreign markets will have upon the prices of the products of their immediate communities.

"I would say in response to the third, that after the foregoing has all been accomplished, the organization's policy should be clearly outlined as being entirely and solely in the interest of maintaining and still further developing foreign markets for American products and that no diversion from this should be permitted. Its efforts should be and undoubtedly would be supported by

intense, well-directed publicity which might be carried on not only by the corporation itself, but by the several committees already mentioned, in order to convince the people of this country that we should practice two important things:

"One, *thrift,* in order that a reasonable part of the resulting savings of the people of this country might be invested in securities growing out of our foreign trade, and second, ***production,*** in order that we could out of our surplus supply the foreign markets without subjecting our own people to increased costs for their own necessities."

"It might not be amiss," says Mr. McHugh, "here to call attention to the fact that the annual production of wealth in this country is estimated conservatively to be not less than seventy billions of dollars. Reasonable economy practiced by our people should result in the saving of a sufficient part of this production of wealth to enable us to provide amply for a very potential investment in the securities herein referred to."

Mr. McHugh says: *"The corporation's energies should be devoted to helping foreign peoples to help themselves.* It should assist them in financing the purchase chiefly of raw materials and equipment with which to put their people to work so that in proper time when those foreigners had converted the raw material into finished articles we, in common with others, could become the purchasers of them, which would immediately commence to regulate our prices here at home and enable us to gradually work back to a prewar, normal condition. *The effect of economy and increased production would strengthen ourselves morally, financially and socially, and the psychological effect of the organization and activity of such corporation after it began to function would be very great internationally.*

"Every effort should be made to divert a reasonable percentage of labor from the production of articles of luxury to articles of necessity until such time as labor might be spared for the production of luxuries without interfering with the production of necessities."

In concluding the "plan," Mr. McHugh says:

"It is very natural to question the ability of the American investment market to absorb additional securities at this time, but it is a very logical conclusion that the farmers of the great agricultural sections of this country as well as other producers can be made to see, as I am sure they readily can be, that by the investment of a small sum per person in such security as such an organization could offer, issued as it would be against other securities, they will not only receive the interest upon the investment, but that interest plus a much higher price for the commodities they produce than they would receive for such commodities if the foreign markets were closed to them. What applies to the producer applies to the laboring man and everyone who has to do with that which is produced in this country, whether it be the product of the farm or the output of the factory.

"I am very confident that every bank which became a stockholder of such an organization would gladly become a distributor of its securities and it should receive therefor reasonable compensation. It is also safe to say, in my opinion, that every bank which became a stockholder would also become a medium through which economy and thrift literature could be distributed. Such an organization would be most effective if made nation-wide."

Federal Reserve Board's Edge Act Rules

THE Federal Reserve Board on March 24 issued its rules and regulations governing the organization and operation of corporations under the provisions of Section 25 (a) of the Federal Reserve Act. This is the section added to the act December 24, 1919, and known as the Edge Act, and it relates to the incorporation of institutions for the purpose of engaging in international or foreign banking or other international or foreign financial operations in the stock of which corporations, national banks, as well as individuals, firms and other corporations, may invest.

In the rules and regulations attention is called to the supervisory power vested in the Federal Reserve Board by the new law. As to titles of the Edge Act corporations, it is stated: "No corporation which issues its own bonds, debentures or other such obligations will be permitted to have the word 'bank' as a part of its title. No corporation which has the word 'Federal' in its title will be permitted also to have the word 'bank' as a part of its title. So far as possible the title of the corporation should indicate the nature or reason of the business contemplated and should in no case resemble the name of any other corporation to the extent that it might result in misleading or deceiving the public as to its identity, purpose, connections or affiliations."

Emphasis is placed on the fact that each director of an Edge Act corporation must be a citizen of the United States and that the majority of stock in such corporation must be American-owned.

Respecting sale of foreign securities by Edge Act corporations, it is stated that no corporation shall offer for sale any foreign securities with its endorsement or guaranty, except with the approval of the Federal Reserve Board, but such approval will be based solely upon the right of the corporation to make such a sale under the terms of this regulation and shall not be understood in any way to imply that the Federal Reserve Board has approved or passed upon the merits of such securities as an investment.

The rules as to acceptances follow:

"Kinds: Any corporation may accept drafts and bills of exchange drawn upon it which grow out of transactions of the kinds which form the basis of eligible bankers' acceptances under the terms of Section 13 of the Federal Reserve Act, provided, however, that except with the approval of the Federal Reserve Board and subject to such limitations as it may prescribe no corporation shall exercise its power to accept drafts or bills of exchange

if at the time such drafts or bills are presented for acceptance it has outstanding any debentures, bonds, notes, or other such obligations issued by it.

"Maturity: No corporation shall accept any draft or bill of exchange with a maturity in excess of six months except with the approval of the Federal Reserve Board.

"Limitations: (1) Individual drawers—No acceptances shall be made for the account of any one drawer in an amount aggregating at any time in excess of 10 per cent. of the subscribed capital and surplus of the corporation, unless the transaction be fully secured or represents an exportation or importation of commodities and is guaranteed by a bank or banker of undoubted solvency. (2) Aggregates: Whenever the aggregate of acceptances outstanding at any time (a) exceeds the amount of the subscribed capital and surplus, 50 per cent of all the acceptances in excess of the amount shall be fully secured, or (b) exceeds twice the amount of the subscribed capital and surplus, all the acceptances outstanding in excess of such amount shall be fully secured. (The corporation shall elect whichever requirement [a] or [b] calls for the smaller amount of secured acceptances.)

"Reserves: Against all acceptances outstanding which mature in thirty days or less a reserve of at least 15 per cent. shall be maintained, and against all acceptances outstanding which mature in more than thirty days a reserve of at least three per cent. shall be maintained. Reserves against acceptances must be in liquid assets of any or all of the following kinds: (1) cash; (2) balances with other banks; (3) bankers' acceptances, and (4) such securities as the Board may from time to time permit."

Edge Act corporations must maintain a reserve of not less than 13 per cent. against all deposits received in the United States. These deposits, it is to be noted, can be only such as are incidental to or for the purpose of carrying out transactions in foreign countries or dependencies of the United States where the corporation has established agencies, branches, or where it operates through the ownership or control of subsidiary corporations.

It is stated that the total liabilities to a corporation of any person, company, firm or corporation for money borrowed, including in the liabilities of a company or firm the liabilities of the several members thereof, shall at no time exceed 10 per cent. of the amount of its paid-in capital and surplus, except with the approval of the Federal Reserve Board, provided, however, that the discount of bills of exchange drawn in good faith against actually existing values and the discount of commercial or business paper actually owned by the person negotiating the same shall not be considered as money borrowed within the meaning of this paragraph. The liability of a customer on account of an acceptance made by the corporation for his account is not a liability for money borrowed within the meaning of this paragraph unless and until he fails to place the corporation in funds to cover the payment of the acceptance at maturity or unless the corporation itself holds the acceptance. The rules and regulations also state:

"The aggregate of the corporation's liabilities outstanding on account of acceptances, average deposits, domestic and foreign, debentures, bonds, notes, guaranties, indorsements and other such obligations shall not exceed at any one time ten times the amount of the corporation's subscribed capital and surplus except with the approval of the Federal Reserve Board. In determining the amount of the liabilities within the meaning of this paragraph, indorsements of bills of exchange having not more than six months to run, drawn and accepted by others than the corporation, shall not be included."

Food Drafts Sales Increasing Largely

INCREASING success is attending the food drafts plan for the relief of suffering in Europe, according to statements of the American Relief Administration. The response of banking institutions in the United States to this plan, which has the indorsement and support of the American Bankers Association, is characterized by the Relief Administration as splendid. Extensions of the system of warehouses in Europe are expected further to emphasize the plan's usefulness.

On March 20, less than two months after the plan had been initiated by the Relief Administration, favorable action having been taken thereupon by the Association following approval by the Commerce and Marine Committee, 3,567 American banking institutions had applied for books of drafts. This number represented an increase of 367 in the ten days from March 10. By March 20, nearly 40,000 drafts had been sold on the European warehouses, and of this number nearly 18,000 were sold in the ten-day period referred to. The total sale of drafts up to March 20 amounted to approximately $840,000. The average daily sale of drafts from March 10 to March 20 rose from about $21,000 to nearly $42,000.

By far the largest sales have taken place in New York State, where, up to March 20, 343 banks were handling the drafts. Illinois, with 239 banks handling the drafts, was second on the list, the states next in order being Pennsylvania, Minnesota, Ohio and New Jersey. More banks in Wisconsin have applied for books of food drafts than any other state, 400 being the Wisconsin total. Other states which have contributed large sales are Massachusetts, California, Michigan and Nebraska.

Two banks each in Alaska and Hawaii are selling the drafts, and twelve banks in Canada have arranged to sell them. Two banks in Mexico have the drafts for sale and drafts are also sold at points in Cuba, the West Indies, Costa Rica and South America.

In addition to the five central warehouses in Warsaw, Prague, Hamburg, Vienna and Budapest, a branch warehouse has been author-

ized for the Free City of Danzig, which is the port of entry for all the supplies shipped into Poland; and seven branch warehouses in Poland and four in Czecho-Slovakia. The branch warehouses in Poland are at Bialystok, Krakow (Cracow), Lodz, Lemburg, (Lwow), Chelm, Brest-Litewski (Brezcs Litewski), and Sosnowice, and the branch warehouses in Czecho-Slovakia are at Brunn (Brno) in Moravia, Opava in Silesia, Bratislava in Slovakia, and Kosica (Kassa) (Kesice) in Slovakia.

American banks selling the food drafts have been advised of the establishment of these branches. The American Relief Administration, Herbert Hoover, chairman, has sent out a circular to members of the American Bankers Association, saying:

"The population in the districts surrounding these secondary warehouses will be fully advised of this extension. Please inform your customers, who wish to purchase drafts for persons living in Poland and Czecho-Slovakia outside the central warehouse cities, of this improved service.

"We ask that you be particularly careful to draw food drafts on the central warehouse of the country to which the food draft is to be sent. Owing to the disorganization of the transportation in Europe it is practically impossible to arrange delivery of food beyond a national boundary.

"Accuracy in filling out draft and advice stubs will greatly facilitate the prompt and smooth working of the food draft plan to the satisfaction of your customers."

The insistence on drawing drafts on the central warehouses is to prevent complications. Such distribution of food through branch warehouses as may be necessary is a matter for administration abroad. The governments of Poland, Czecho-Slovakia, Germany, Austria and Hungary are understood to be giving such aid as is possible in this matter.

Income Tax Exemptions

MINNEAPOLIS, MINN.
February 20, 1920.

EDITOR, JOURNAL OF THE AMERICAN BANKERS ASSOCIATION.

SIR: I have read with interest Prof. Rufus S. Tucker's excellent article on "Income Tax Exemptions" in your February issue. As an income-tax accountant and attorney myself, this is a live subject with me, and Professor Tucker points out clearly the unfortunate and unjust effect of many of the present exemptions.

Professor Tucker fails to touch on one point, however, which it seems to me deserves more publicity and closer attention than it has received. Suppose a taxpayer with a total gross income of $100,000; of which $60,000 comes from sources totally exempt, the remaining $40,000 coming from fully taxable sources. Suppose this taxpayer also has deductions amounting to $50,000. Now under the present statutes this taxpayer has no net taxable income whatever, the computation being as follows: First subtract the $50,000 deductions from the $100,000, leaving $50,000 total net income; then subtract the $60,000 exemptions from the $50,000 total net income, leaving no net taxable income. Yet manifestly that is not fair. For the effect of that computation is to exempt the taxpayer's total net income; while evidently his exempt income in fact is only three-fifths of his total income.

The $50,000 deductions should go against the total gross income equally; but the effect of the present statutes is to subtract the entire deductions from simply that part of the gross income which comes from taxable sources. The proper computation would be, first, to subtract the $50,000 deductions from the $100,000, leaving $50,000 total net income; then, since three-fifths of this taxpayer's income is exempt, figure three-fifths of the $50,000 net income as exempt, or $30,000; leaving $20,000 net taxable income. This computation would give the taxpayer the full logical and equitable benefit of his income from exempt sources. In effect, it would simply *pro rate* his $50,000 deductions against his total gross income, exempt and non-exempt; and that is fair; that is the way the taxpayer actually keeps his own books, and earns, spends and saves his own money.

The foregoing is an extreme case, taken in order to make the point clear through its flagrancy; but the tax exemptions as now authorized do actually work in just this way in all cases, to a greater or less extent. It is not practicable for a rich man to put all his capital into tax-exempt securities; but many a rich man can exempt his entire income from taxation, as the law stands, though putting only a part of his money into tax-exempt funds. And every millionaire who puts part of his principal into tax-exempt loans does thereby exempt more than that proportion of his income from taxation. The unjust and anti-social effect of the tax exemptions would not be nearly so great as it is, and as Professor Tucker points out, if the taxpayer could get only the true, proportionate part of his income exempted, it would make a huge difference in the amount of income tax collectible from the country's big incomes, and would proportionately relieve the possessors of the small and medium-sized incomes, who cannot feasibly invest to any considerable extent in tax-exempt bonds. One who has not had actual contact with the figures of large incomes can hardly appreciate the extent to which wealthy individuals and corporations are relieved of their fair share of the income tax by the present inequitable computation.

G. W. C. ROSS,
Treasurer and Counsel,
Bankers' Investment Co.

Legal Department

Thomas B. Paton,
General Counsel

Bankers' Risks in Giving Value for U. S. Money Orders

RECENT instances of fraudulent transactions in connection with United States money orders serve to emphasize the fact, not generally realized, and which every banker should fully realize, that postal money orders are not negotiable paper and not governed by the same rules applicable to such paper, but that wherever money is advanced or securities given in exchange for postal money orders there is always a continuing liability to refund in the event such paper has been fraudulently issued or indorsed and that differing from the ordinary rules governing the issue of negotiable drafts which would estop the negligent issuer from denying validity or would prevent recovery where unreasonable delay has worked to the prejudice of an innocent purchaser, laches or negligence is not imputable to the government with repect to such orders.

In short, every time a banker cashes a United States money order for the payee or is himself the payee and gives value therefor in cash or securities, there always exists a liability to refund to the government the money collected on such order in the event it turns out that the order has been fraudulently issued or that an indorsement thereon has been forged, and negligence in the issue or delay or laches in discovery or notification is no defense.

In the JOURNAL for August, 1919 (at page 88) we rendered an opinion in a case of this kind where a bank had cashed a government money order upon which, it afterwards turned out, the payee's signature had been forged. We reached the conclusion that the money was recoverable by the government notwithstanding delay in making claim for restitution through which the recipient was prejudiced. Among other cases, we cited United States v. Stockgrowers Nat. Bank, 30 Fed. 912, and Bolognesi *v.* United States, 189 Fed. 335, in both of which cases postal money orders had been fraudulently issued by a postmaster or clerk and made payable to a bank, upon which value had been obtained and in both the innocent payees were compelled to refund to the government.

A banking firm in Philadelphia, members of our Association, have recently been victimized in the same way through delivering Liberty Bonds in exchange for fraudulently issued government money orders made payable to the firm after they had first taken precaution to collect such orders. The firm has forwarded a statement of the case to the Association with the suggestion that it be published as a caution or warning to bankers in connection with giving value for such orders. The statement follows:

"On or about November 21, 1919, we received five United States postal money orders for $100 each, to our order, presumably issued from Williams Wharf, Virginia, post office, and sent to us by a man signing himself as 'C. Montgomery.' He requested us to purchase United States Liberty Bonds with these postal money orders and stated he would call for the bonds some days later when he would be in Philadelphia. Not knowing the sender, we took, as we thought, every precaution and sent the orders direct to the main post office in our city and had them cashed, and, in due course, the bonds were delivered to the purchaser.

"On November 26, a post office inspector called on us, stating that the money order forms cashed by us had been stolen from the Williams Wharf, Virginia, post office, by a man giving the name of E. C. Hennessey, who was subsequently arrested in Norfolk, Virginia, and that these forms were consequently fraudulently issued. The authorities made claim on us for the amount, and, after consultation between our counsel and the United States district attorney in our city, we paid the amount involved ($500), although it was proven beyond question that the theft of the blanks had been discovered three or four weeks before the date on which we had received these orders. The Post Office Department had been notified by bulletin of numbers stolen from the book then in use, but did not discover, until after our transaction, that order blanks had been taken from the book in reserve in that post office. The post office inspector, during all this time, had opportunity to ascertain the theft and authority at his command which would have permitted notice to postmasters throughout the country that the orders sent to us were stolen forms, and his negligence in this particular made the fraud on us possible.

"Our attorney informs us that the whole question of stolen money orders has been litigated in the United States Courts in New York and appealed to the Circuit Court of Appeals; that an effort had been made afterwards to take the case to the United States Supreme Court, but further hearing in the matter was denied. He also advises us as follows:

"It has been held that, in the establishment and operation of a postal money order system, the government is not engaging in a commercial transaction, but exercises a governmental power for the public benefit; and it, therefore, follows that money orders are not negotiable instruments subject to the defences permitted to bona fide holders for value by the law merchant. That it is provided by statute law of the United States that, in all cases where money of the Post Office Department 'has been paid to any person in consequence of fraudulent representations, or by the mistake, collusion or misconduct of any officer or any other employee in the postal service, that, on suit by the Postmaster General, the United States may recover the amount paid out on money orders fraudulently issued from the persons to whom it was paid, and the good faith of such persons in acquiring the orders is immaterial.'

"In this decision the Court says: 'We fully appreciate and, in effect, we hold that, if it has responsible persons to

look to, the government cannot lose in the operation of the money order system; that whatever may be the conduct of its officers or employees, the loss must fall on the individual, and the principle underlying this conclusion is that any other rule—any rule which would make the government bear the burden of the malfeasance of its officers in the operation of the government department and permit individuals, however innocent, to obtain moneys without responsibility—would entail endless difficulties and losses, would be inimical to the public interest and contrary to the public policy.'

"Summarizing from the above, it is evident the utmost caution should be used in accepting United States postal money orders, as the government will not assume responsibility as to the validity of the same, nor negligence on the part of their employees, which negligence was clearly established in the case just cited. They only require that the payee be satisfactorily identified when paying the same.

"We bring this matter to your attention thinking it may be of interest to other members, and serve as a caution in accepting post office money orders."

Responsibility of Banks for Safekeeping of Liberty Bonds

THE Supreme Court of Arkansas has recently handed down a decision (Merchants National Bank of Vandervoort *v.* Affholter, 215 S.W. 648) bearing upon the responsibility of banks in the safekeeping for customers of Liberty Bonds. Plaintiffs in the case, husband and wife, subscribed for two bonds of the denomination of $100 and $50 and deposited sufficient funds to cover the subscriptions. Registered bonds were designated in the subscription cards as the kinds to be purchased. They received a deposit slip reciting the names of the depositors, the amount deposited, the date thereof and the words "deposited by Fourth Liberty Loan." The bonds were ordered by the bank and received, but before they were called for by the purchasers the bank's vaults were robbed in the night time and the bonds were stolen. The bonds ordered and received by the bank were coupon and not registered bonds. It was held that the bank was liable for the amount of the bonds which it purchased for the plaintiffs because of its failure to buy registered bonds as directed. The court said that if the bank "accepted funds for the purchase of bonds, it was responsible to the subscriber either for the return of the money or for the delivery of bonds designated in the subscription contract."

Upon this branch of the case no question of responsibility for safekeeping was involved. But in addition one of the plaintiffs had also purchased a coupon bond of the denomination of $100 and afterwards delivered this bond to the bank for safe-keeping. The bond was placed in the bank's safe and together with many other bonds belonging to other persons was stolen. The bank kept a large iron safe with a combination lock on it and inside of it was a manganese steel drawer or compartment which was used for the safe-keeping of money. The bond in question, as well as others, belonging to numerous persons, including officials of the bank, was not kept in the burglar-proof compartment, but was kept inside the safe. The burglary was discovered the next morning after it occurred and upon examination it was found that the combination lock on the outside of the safe had been chopped off with an axe, and that explosive material had been inserted inside the lining of the door, which, when exploded, blew off the door or lock and permitted entrance. The money drawer or compartment was not entered. The testimony introduced by the bank was to the effect that all the bonds kept by the bank, including those which were the property of the bank itself and its officials, were kept in the same manner, and that that was the customary way to keep the bonds. There was also testimony to the effect that there was no room inside the money drawer to keep the bonds. Judgment was rendered against the bank upon a finding of gross negligence by the jury and this judgment was affirmed on appeal. The court said: "It is earnestly insisted that there is no evidence to sustain the finding of negligence on the part of the bank for the loss of the bonds. We are of the opinion, however, that the evidence was legally sufficient. These bonds were coupon bonds, payable to bearer, and negligence is inferable from the fact that they were kept, not in the burglar-proof compartment of the safe, but in the part of the safe which was insufficient to resist the attack of a skilful burglar. Appellant was, with respect to the keeping of this particular bond for Mrs. Affholter, a gratuitous bailee and was liable only for gross negligence. Wear *v.* Gleason, 52 Ark. 364, 12 S. W. 756, 20 Am. St. Rep. 186; Baker *v.* Bailey, 103 Ark. 12, 145 S. W. 532. But it was a question for the jury to determine whether or not, under the circumstances, it did not constitute gross negligence to keep in an insecure place government bonds, payable to bearer, which could not be readily identified. We cannot say that the jury were not warranted in drawing the inference of gross negligence from the circumstances in the case."

Exchange Charges in Mississippi

THE following bill legalizing the established custom of making exchange charges and fixing such charges for all banks at one-tenth of one per cent. of the total amount of cash items presented and paid at any one time, has been passed by the legislature of Mississippi and received the approval of the Governor on March 6, 1920:

House Bill No. 651

(As approved by the Governor March 6, 1920)

An Act to prevent the Federal reserve system from forcing the banks of this state into what is known as the parring of checks, drafts, bills, etc. (commonly known as "cash items"); and for that purpose making it mandatory on the banks of this state to charge exchange on such "cash items"; and fixing the rates of such exchange.

Section 1. Be it enacted by the Legislature of the State of Mississippi:

That for the purpose of providing for the solvency, protection and safety of the banking institutions of Mississippi, the established custom on the part of the banks of this state to charge a service fee (commonly called "exchange") for collecting and remitting, by exchange or otherwise, the proceeds of checks, drafts, bills, etc. (commonly known among banks as "cash items"), is hereby declared to be the law of this state; and the banks of this state, both state and national, shall continue to make such charge as fixed by custom when such "cash items" are presented to the payer bank for payment through or by any bank, banker, trust company, Federal reserve bank, post office, express company, or any collection agency, or by any other agency whatsoever; and the amount of such charge is hereby fixed at one-tenth of one per centum of the total amount of such "cash items" so presented and paid at any one time, and not less than ten cents on any one such transaction; *Provided, however,* no such charge shall be made on checks or drafts given or drawn in settlement of obligations due the state of Mississippi or any subdivision thereof, or of the United States. And that no such charge can be made by banks for the collection of checks deposited with said banks, where the check is drawn on any other bank in the same municipality, city, town or village, this being the long established custom of such banks. *And, Provided,* That nothing in this act shall be deemed to be mandatory upon the banks to charge exchange on checks or drafts payable to a person in this state, and drawn on a bank, trust company or person within or without this state, but it shall be optional with such banks whether they shall charge exchange on checks or drafts payable to a person within this state, and drawn on a bank, trust company or person within or without this state.

Section 2. That no officer in this state shall protest for non-payment any such "cash item," when such non-payment is solely on account of the failure or refusal of any of said agencies to pay such exchange; and there shall be no right of action, either at law or in equity, against any bank in this state for a refusal to pay such cash item, when such refusal is based alone on the ground of the non-payment of such exchange.

Section 3. That if for any reason the courts should hold that the national banks in this state are not required to charge and collect such exchange, still this act shall remain in full force and effect as to all other banks in this state; and in the event of such holding by the courts, or the refusal of any national bank in this state to comply with this act, then it shall be optional with state banks located in the same municipality with a national bank or state banks which are members of the Federal reserve system as to whether such charge shall be made.

Section 4. That this act shall take effect and be in force from and after its passage.

Recent Bills in 66th Congress Affecting Banks

IN the March Journal we published a summary of bills pending in the 66th Congress affecting banks up to and including February 23, 1920. The following bills introduced since February 23 are summarized below:

Investigation of alleged coercion by Federal reserve banks—Based on request for a Congressional investigation, Mr. King of Illinois introduced, February 28, House Resolution 476 which was referred to the Committee on Rules and which calls for appointment of a committee of nine to investigate administration of Federal Reserve Act generally and specifically as to (a) coercive methods to force non-members to become members; (b) substantial competition by Federal reserve banks with members; (c) open market transactions; (d) alleged and unexpected earnings of Federal reserve banks; (e) relative salaries and bonuses paid to officers and employees as compared with private institutions; (f) oppressive policies toward members under guise of corrective measures; (g) alleged attempted destruction of independence of state bank systems; (h) alleged intimidation of directors of Federal reserve banks to prevent performing functions and practices employed in selecting directors; (i) alleged efforts to force diversified business of country to conform to rigid rules and standards contrary to established customs and channels of trade; (j) extent to which inflation of currency is responsible for the high cost of living; (k) alleged refusal of Federal reserve banks to rediscount for members paper which fully complied with law but did not fully comply with some ruling of the Federal Reserve Board; (l) alleged refusal of Federal reserve banks to make loans to members secured by Liberty bonds upon request; (m) alleged unwisdom of announced policy to spend money to collect checks on non-members greatly in excess of normal exchange charge rather than to pay banks for such service and by what right Federal reserve banks propose to use surplus which in part belongs to government for alleged coercion of certain citizens; (n) method of handling clearing deposit accounts and the "float," if any, connected therewith; (o) alleged concentration of power in hands of Federal Reserve Board to a greater degree with fewer men than possible under the old régime and how and to what extent this power has been usurped and used; (p) alleged attempt to regulate conduct of non-member state banks and to force such banks into business relations with Federal reserve system. Full power is conferred on committee to procure desired information and committee to make one or more reports to House with recommendations.

The Committee on Rules has not yet made a report recommending action on this resolution.

Limiting rediscounts for state bank members—Senator McLean of Connecticut on February 24 introduced S. 3957, which amends the proviso in paragraph 10 of section 9 of the Federal Reserve Act (which now prohibits discounts for state bank and trust company members of paper of any one borrower who is liable for borrowed money in excess of 10 per cent. of capital and surplus) to read as follows:

"Provided, however, That no Federal reserve bank shall be permitted to discount for any state bank or trust company notes, drafts, or bills of exchange of any one borrower who is liable for borrowed money to such state bank or trust company in an amount greater than that which could be borrowed lawfully from such state bank or trust company were it a national banking association." This has been referred to the Committee on Banking and Currency.

Bills to the same effect were introduced in the House on February 28 by Mr. Ransdell of Louisiana (H. R. 3933; H. R. 3934), which will be found digested in the March JOURNAL.

Discount rates of Federal reserve banks—On February 26 the House Committee on Banking and Currency reported favorably, without amendment, the bill of Mr. Phelan of Massachusetts (H. R. 12711, introduced February 23 and digested in the March JOURNAL), which amends sub-paragraph (d) of section 14 of the Federal Reserve Act so that it would read (the amendment consisting of the italic portion):

"Every Federal reserve bank shall have power *** (d) to establish from time to time, subject to review and determination of the Federal Reserve Board, rates of discount to be charged by the Federal reserve bank for each class of paper, which shall be fixed with a view of accommodating commerce and business *and which, subject to the approval, review and determination of the Federal Reserve Board, may be graduated or progressed on the basis of the amount of the rediscount and discount accommodations extended by the Federal reserve bank to the borrowing bank."*

The object of this bill is to provide a method of checking the expansion of credit short of actually refusing further extensions and without increasing too much the rate applicable to all member banks. Each Federal reserve bank will have authority to make uniform rules determining for each member bank a normal maximum rediscount line based upon legal reserve or possibly upon capital and surplus, with graduated rates on an ascending scale to apply equally and ratably to all member banks rediscounting amounts in excess of the normal line.

On February 24, Senator McLean introduced S. 3958 with the same object as H. R. 12,711 and this was favorably reported February 27 with an amendment under which the addition to subparagraph (d) would read: *"and which, subject to the approval, review and determination of the Federal Reserve Board, may be graduated or progressed on the basis of the amount of advances and discount accommodations extended by the Federal reserve bank to the borrowing bank."*

Interest on reserve balances in Federal reserve banks—On March 1, 1920, Mr. Goodykoontz of West Virginia introduced H. R. 12849 (ref. to Com. on Banking and Currency), which amends the Federal Reserve Act by adding to section 19 the following:

"Each Federal reserve bank shall pay to each member bank interest on reserve balances maintained with such Federal reserve bank, to be computed on the daily balance of such member bank, at the rate of 2 per centum per annum; *Provided,* That in case the earnings of such Federal reserve bank, after all necessary expenses have been paid or provided for and the dividends on the paid-in capital stock have been fully met as provided in section 7, are not sufficient to pay such rate of interest as herein provided, then interest shall be paid on such reserve balances at such rate as such earnings will permit."

Compare with S. 3773, on same subject, introduced by Mr. Gore of Oklahoma January 22, 1920, summarized in Digest No. 4, at page 10.

Interest on collateral call loans—On March 8, 1920, Mr. Owen of Oklahoma introduced S. Res. 328, which was considered and agreed to. *"Resolved,* That the Federal Reserve Board be, and is hereby, directed to advise the Senate what is the cause and justification for the usurious rates of interest on collateral call loans in the financial centers, under what law authorized, and what steps, if any, are required to abate this condition."

Compare with S. 3770, introduced January 21, 1920, by Mr. Owen, summarized on page 10 of Digest No. 4, prohibiting member banks from charging in excess of 6 per cent. on call loans secured by collateral.

Abolition of subtreasuries—Several bills have been introduced on this subject. The General Appropriation bill (H. R. 12610), introduced February 18, 1920, passed the House March 4 and is now in the Senate Committee on Appropriations. It discontinues the subtreasuries; repeals laws for their maintenance, etc., from and after July 1, 1921; authorizes Secretary of Treasury to transfer duties and functions of assistant treasurers to treasurer or mints or assay offices, or to utilize Federal reserve banks; makes employees in subtreasuries in classified civil service eligible for transfer to classified civil service positions under control of Treasury Department or to vacancies in other executive departments, giving preference over new appointments.

H. R. 12721, introduced by Mr. Platt of New York, February 23, abolishing subtreasuries and providing for transfer of coin, currency, bullion, etc., was on February 25 reported with amendments.

Earlier unreported bills on subject are H. R. 6749, Mr. Hill of New York, and H. R. 12209, Mr. Platt. See Digest No. 4, page 14.

Coinage of twenty-five and fifty cent pieces—Alabama and Maine Centennials—On February 28, 1920, Mr. Rainey of Alabama introduced H. R. 12824 to authorize the coinage of 100,000 twenty-five cent legal tender pieces in commemoration of the one hundredth anniversary of the admission of Alabama into the Union.

On February 11, 1920, Mr. Peters of Maine introduced H. R. 12460 (summarized in March JOURNAL) to authorize the coinage of 100,000 fifty-cent pieces in commemoration of the one hundredth anniversary of the admission of the State of Maine into the Union.

Both these bills were referred to the Committee on Coinage, Weights and Measures.

Postal holidays—One cent postage rate—On March 6, Mr. Calder of New York introduced an amendment intended to be proposed to the pending Post Office Appropriation bill H. R. 11578 to provide that every state holiday shall be a holiday for the employees of the postal service within such state. Also to change the postage rate on first-class mail matter to one cent for each ounce or fraction thereof.

Federal Farm Loan Act—A new bill has been introduced by Mr. Hastings of Oklahoma (H. R. 12791, February 27, 1920), amending section 15 of the Federal Farm Loan Act authorizing land banks to make loans on farm lands direct to borrowers and striking out the provisions limiting agents to banking corporations. The bill allows the land banks to designate local agents who must give surety bonds and who may collect from borrowers compensation not exceeding 1 per cent. of the loan. (Referred to Committee on Banking and Currency.)

The bill of Mr. Platt of New York (H. R. 9039; see Digest No. 4, page 16), containing various amendments concerning loans, amount and payment, deputy registrars and concerning denominations of bonds and signatures thereto, has been returned to the conferees after conference report was rejected by House on March 2 and by Senate on March 3.

Revenue Act of 1918—New bills have been introduced to amend the Revenue Act of 1918 by Mr. Ackerman of New Jersey (H. R. 12820, February 28), repealing the war profits and excess profits taxes and creating a revenue in lieu thereof by a tax of 25 cents per $100 upon sales of merchandise and (H. R. 12822, February 28) allowing individuals to deduct income, war profit and excess profits taxes from gross income (ref. to Com. on Ways and Means); by Senator Gronna (for Senator McCumber) of North Dakota (S. 4027, March 6), enabling the Commissioner of Internal Revenue to simplify the regulations under which exported property is exempt from transportation tax and preventing discrimination against agricultural and other commodities transmitted to a port of export to supply foreign requirements (ref. to Com. on Finance); by Mr. Frelinghuysen of New Jersey (S. 4033, March 8), increasing from 3 to 10 cents the stamp tax on foreign insurance policies not countersigned in the United States and requiring holders of policies to make sworn return (ref. to Com. on Finance); and by Mr. Thompson on March 8 (H. R. 12976), imposing a 10 per cent. tax upon advertisements in books, magazines and newspapers with 5,000 or more circulation, excepting classified advertising, and a 15 per cent. tax on other advertising matter. (Ref. to Com. on Ways and Means.)

Railroads—Bills have been introduced by Mr. Montague of Virginia (H. R. 12953), March 6, to prohibit the abandonment of operation of coastwise and

inland water-borne commerce save by the consent of the Interstate Commerce Commission (ref. to Com. on Interstate and Foreign Commerce); and by Mr. Smoot of Utah (S. 4028, March 8), amending the Clayton Anti-Trust Act so that the provisions prohibiting interlocking directors, officers, etc., of railroads shall not apply where all the shares or property of any railroad, other than directors' qualifying shares, are owned by a person or corporation whose plant, factories, etc., the railroad is principally engaged in serving (ref. to Com. on Interstate Commerce).

Shipping—S. 3076 (by Mr. Jones of Washington, September 25, 1919), authorizing suits against the United States in admiralty, suits for salvage services, and releasing merchant vessels belonging to the United States from arrest and attachment in foreign jurisdictions, was signed by the President on March 9 and is now law. The bill enables the Shipping Board to obviate losses due to holding vessels in foreign ports under libel actions. Vessels against which there are claims for damages cannot be libeled and held in court, but the claimant can file suit against the United States and the ship can proceed on its journey.

The bill of Mr. Edmonds of Pennsylvania (H. R. 11311), providing for classification of vessels of the United States, which was favorably reported to the House on December 20 (see Digest No. 4, page 30), passed the House on March 1 and is now in the Senate Committee on Commerce.

A new bill has been introduced by Mr. Edmonds (H. R. 12867, March 2), adding to the Shipping Act a provision to prevent discrimination against the American Merchant Marine. Upon satisfactory evidence that foreign shipowners are using deferred rebates or unjustly discriminatory contracts to the detriment of the American Merchant Marine, either directly or by lines other than those trading with the ports of the United States or otherwise, the Secretary of Commerce, upon certification of facts from the Shipping Board, must refuse the ships of such owners a right of entry into the ports of the United States.

Mr. Greene of Massachusetts has introduced a new bill for the recordation of mortgages on vessels (H. R. 12787, February 27), having the same general purpose but in different detail from H. R. 8422 on the same subject heretofore introduced by him. (See Digest No. 4, page 30.)

Opinions of the General Counsel

SECOND PAYMENT OF CHECK

A check once paid is discharged and becomes functus officio, and where a check, after payment, falls into the hands of the payee who negotiates it a second time and the check is paid again by the drawee bank, the latter cannot charge the amount to the drawer's account but can recover from the forwarding bank and the ultimate liability to refund rests with the payee.

From Illinois—A purchases a certain amount of goods from a company, B, and sends his personal check in payment. B indorses check to its bank; this bank indorses it to any bank or banker, and it is sent to the bank on which drawn by a Federal reserve bank with its indorsement, for collection. It is paid, stamped so, and returned to A with other cancelled checks. A in settling with B sends this cancelled check as proof of payment. B, whether by mistake or not, uses same indorsement as before and cashes it again. The bank to which it is indorsed accepts same as before, also using their same indorsement to any bank or banker, but the Federal reserve bank indorses again and again sends for collection. The paid stamp is so dim it can hardly be seen without close scrutiny. It is paid a second time by the drawee bank and charged to A's account again, not noticing the paid stamp. Should none of the previous indorsers be good, would the collecting bank be liable to A? What steps should be taken to adjust the matter?

When a check is once paid by the bank upon which it is drawn, it is discharged or extinguished; the check becomes *functus officio* and it cannot afterwards be put in circulation by any one; Aurora State Bank *v.* Hayes-Eames El. Co., 88 Nebr. 187, 129 N.W. 279; Balsam *v.* Mutual Alliance Trust Co., 132 N. Y. Suppl. 325. See also National Bank of Commerce *v.* Farmers' etc. Nat. Bank, 87 Nebr. 841.

It follows that the bank upon which the check was drawn cannot charge the money paid on the check when presented a second time, to the drawer's account. But such bank would have recourse upon the forwarding bank as for money paid under a mistake of fact, to which it was not entitled, and the ultimate liability would rest with the payee company which erroneously, whether mistakenly or designedly, negotiated the paid check, which had again come into its possession, and received the money thereon a second time.

STALE CHECK

No rule has been established, either by law or custom, fixing the precise time at which a check becomes stale so that the bank upon which drawn would be liable if it paid without inquiry and loss resulted—In the absence of a positive rule of law or custom, it would seem reasonable for a bank to adopt a six months' period in which to pay a check without inquiry and where presented after such period to communicate with the drawer before making payment.

From Oregon—We would be very glad to have a ruling as to the liability of the bank in regard to checks which are presented for payment, dated several months prior to presentation. Should the bank refuse payment until the drawer is notified or are we free to cash the check without notifying the drawer?

No rule has been established, either by law or custom, fixing the precise time at which a check becomes stale and discredited so that the bank upon which drawn would be liable if it paid without inquiry and loss resulted.

In an early case in Pennsylvania (Lancaster Bank *v.* Woodward, 18 Pa. St. 357), a bank paid a check a year and a day after it was drawn. The drawer had no money in the bank at the time the check was drawn nor did he provide any afterward, and it appeared that the debt was discharged by the drawer after he had given the check. It was held that the bank could not recover from the drawer; that the circumstance of its age was sufficient to put the bank on inquiry and that its negligence precluded it from relief against the drawer. But in that case there was the special circumstance that there were

no funds in the bank in addition to the age of the check.

Morse on Banks, at Section 443, says: "It is the right and perhaps the duty of the bank to inquire into the matter before paying an old check. Grant declares this to be a sound and ordinary rule of business. Yet at what time a check becomes old is an indefinite question, not capable of being accurately answered. Certainly it is not so old as to put the bank upon inquiry simply because it has not been presented within the period heretofore declared to be proper as between drawer and payee."

Daniel on Negotiable Instruments, at Section 1632, says: "It is not advisable for a bank to pay a check which has been long outstanding, or for any one to receive it by transfer, without inquiry * * * The lapse of a long period from its date before its payment is a circumstance so out of the ordinary course of business that it ought to arouse suspicions and excite inquiry. And the bank paying or the party receiving such a check acts at his peril." And at Section 1633 the same author says: "No precise period of time can be specified at which a check would be deemed so stale as to subject the receiver to equitable defenses or a bank to loss, in the event that such defenses arose, or the liability of the drawer ceased."

There are no decided cases which afford a satisfactory guide for the banker in determining just how old a check must be before he is under duty to make inquiry before making payment. It is customary with some of the New York banks, where a check is presented six months after its date—and some fix the period at a year—to communicate with the drawer and call his attention to the delay in presentment and ask if there is any reason why they should not honor such check. In the absence of a fixed rule of law or settled custom, I think it would be reasonable for a bank to adopt a rule fixing six months after date as a reasonable period during which it might pay a check without inquiry and wherever a check is presented which is more than six months old, to delay payment until communication is had with the drawer.

REPORT OF DORMANT BANK DEPOSITS

By statute in Oregon, bank officers must make report as to deposits which have not been added to and no part of which have been withdrawn for more than seven years unless the bank officers know the depositor to be living, and bank officers are not relieved from the duty of making such report because of the fact that interest has been added each six months.

From Oregon—Regarding savings accounts which have not been drawn against nor deposits made for seven years, does the fact that interest has been added each six months relieve us of reporting these accounts to the state?

The Oregon statute (Sec. 7378 Lord's Oreg. Laws 1910, as amended by Chap. 214, Oreg. Gen. Laws 1917) provides that the cashier or secretary of every bank, savings bank, savings and loan society, and every institution in which deposits of money are made, shall within fifteen days, after the 1st of July, 1907, and within fifteen days after the 1st of July of each and every second succeeding year thereafter, return to the Secretary of State a sworn statement showing the amount standing to the credit of every depositor who shall not have made a deposit, or who shall not have withdrawn any part of his deposit, principal or interest, for the period of more than seven years.

The provisions of the Act are not to apply to, or affect, however, the deposit of any person known to such bank officers to be living; but the provisions of the Act shall apply to a deposit of an insane person, or a person under a legal disability, whose relatives or persons having the custody, guardianship, or control of such insane person or persons under legal disability, shall not have knowledge of such deposit.

It will thus be seen that the names of all depositors who have not made a deposit, or who have not withdrawn any part of their deposits, principal or interest, within the period of more than seven years, with the sole exception of such depositors in this category who are known to such designated officers of the bank to be living, are required to be reported to the Secretary of State biennially.

The fact that interest has been added each six months to a deposit, the owner of which shall not have made a deposit, or a withdrawal therefrom, principal or interest, for the period of more than seven years, will not relieve such bank officials from the duty of duly reporting the name of the owner of such deposit to the Secretary of State, unless such owner is known to the bank officials to be living.

TRANSFER OF BANK STOCK OF DECEDENT

Where the owner of bank stock dies intestate, the property in such stock vests in his estate and until letters of administration have been issued and the administrator has duly qualified, there is no person vested with power to demand a transfer—A bank which transfers stock of a decedent without requiring letters of administration will be liable to the rightful heirs for damages, if the transfer is wrongful—Where stock is transferred to a person without title, a court of equity will enjoin such person from voting.

From Texas—S, owning ten shares of bank stock, dies intestate, and no administration is taken out on his estate nor any proceedings to determine and establish heirship. The persons entitled to his estate are his widow and a number of children, one of whom is under age. All the heirs other than the infant and J. S. unite in an assignment of the ten shares to J. S. The bank transferred the shares to J. S., who, over the objection of certain stockholders, was allowed to vote the shares at the annual meeting and was elected a director.

Query: Was the bank justified in making the transfer in the absence of any showing of right other than the personal knowledge of its officers as to the children of S?

Query: Would injunction lie at the suit of stockholders, who in the absence of these ten shares would constitute the majority, to prohibit the bank and its officers from permitting such shares to be voted at a special meeting and to prohibit J. S., the nominal holder, from voting such shares?

A corporation is the custodian of the shares and of the primary evidence of the title to its stock, and is clothed with power to protect the rights of its shareholders from unauthorized transfers. It is, therefore, its duty to exercise reasonable care and diligence to protect their interests by preventing such transfers, and it must respond

in damages for any injury sustained by them in consequence of its negligence or misconduct in this regard. (St. Romes *v.* Levee Steam Cotton Press Co., 127 U. S. 614; Western Union Tel. Co. *v.* Davenport, 97 U. S. 369; Tafft *v.* Presidio, etc., R. Co., 84 Cal. 131; Miller *v.* Doran, 245 Ill. 200; Shirley, etc., Co. *v.* Douglas, 130 Ill. App. 285; Loring *v.* Salisbury Mills, 125 Ill. 138; Penn. Co. *v.* Franklin Fire Ins. Co., 181 Pa. St. 40; Strange *v.* Houston & T. C. R. Co., 53 Tex. 162; Baker *v.* Wasson, 53 Tex. 150, 59 Tex. 140.)

And it follows that its own safety requires that it be satisfied of the right of a person proposing to make a transfer to do what he proposes. It has the right, and it is its duty, when a transfer is demanded, to use reasonable diligence to ascertain whether or not the transfer requested is duly authorized, and to make those transfers that are so authorized and to prevent those that are not. (Geyser-Marion, etc., Co. *v.* Stark, 106 Fed. 558; Baker *v.* Atlantic Coast Line R. Co. [N. C.], 92 S. E. 170; Livezey *v.* Northern Pac. R. Co., 157 Pa. St. 75; Peck *v.* Bank of America, 16 R. I. 710; Read *v.* Cumberland Tel. & Tel. Co., 93 Tenn. 482; Mundt *v.* Com. Nat. Bank, 35 Utah 90, 99 Pac. 454; Nagel *v.* Ham, 88 Wash. 99.)

A corporation is in duty bound to make inquiry as to the authority of the person asking for the transfer, and to ascertain whether he is the owner of the stock. (Citizens Nat. Bank *v.* State, 179 Ind. 621; Citizens Street Ry. Co. *v.* Robbins, 128 Ind. 449; Crocker *v.* Old Colony R. Co., 137 Mass. 417; Hughes *v.* Drovers', etc., Nat. Bank, 86 Md. 418; Kempner *v.* Wallis, 2 Tex. App. Civ. Cas. §584, *et seq.;* Western Union Tel. Co. *v.* Davenport, 97 U. S. 369.)

Especially is a corporation responsible where it has notice of want of authority on the part of the person seeking the transfer, or of facts sufficient to put it upon inquiry. (Lowry *v.* Com. & Farmers Bank, Fed. Cas. No. 8581; Bayard *v.* Farmers, etc., Bank, 52 Pa. St. 232; Davis *v.* Nat. Eagle Bank [R. I. 1901], 50 Atl. 530; Peck *v.* Providence Gas Co., 17 R. I. 275.) As, for instance, where the transfer is sought to be made by a person other than the one to whom the stock was issued. (Baker *v.* Atlantic Coast Line R. Co. [N. C.], 92 S. E. 170; Read *v.* Cumberland Tel. Co., 93 Tenn. 482; Kempner *v.* Wallis, 2 Tex. App. Civ. Cas. §584, *et seq.* [where it was held, *inter alia,* that the corporation knew that stock registered on its books in the name of a minor could not legally be transferred by her guardian without an order of the county court, authorizing such transfer. It was, therefore, not only its right but its *duty* to inquire as to the authority of the guardian to make the transfer, and to refuse to make such transfer until such authority was shown to exist; and a neglect of this duty rendered the company liable to the stockholder].)

If the demand for a transfer is made by an administrator, the corporation must look to his letters of administration; and if by an executor, to the will, since these are the respective sources of their power. (Marbury *v.* Ehlen, 72 Md. 206; Wooten *v.* Wilmington & Weldon R. Co., 128 N. C. 119; Cox *v.* First Nat. Bank, 119 N. C. 302.)

In the case submitted the owner of the bank stock died intestate, and the ten shares of stock in question is personal property vesting in the estate of the intestate; and until letters of administration on the estate have been issued, and the administrator has duly qualified, there is no person vested with power to demand a transfer of such stock which would be valid, or which the bank had a right to obey.

If a bank must look to the letters of an administrator for authority to transfer stock of a decedent's estate at his behest, and will be held liable to the rightful heirs for ensuing damages if, after the transfer, it should be shown that the letters did not authorize the transfer demanded *a fortiori,* a transfer of stock by the bank on the demand of a person backed by no will or letters of administration, but simply by an instrument purporting to be an assignment of such stock by alleged heirs, is *ultra vires,* and renders the bank liable for ensuing damages to non-participating rightful heirs by reason thereof.

With respect to query No. 2: Would injunction lie at the suit of stockholders to prevent the voting of these ten shares, pending a determination of the title thereto. I think it would.

There are many decisions to the effect that a court of equity may enjoin persons not entitled to vote from voting, and the corporation from receiving their votes.

(Clarke *v.* Central R. Co., 50 Fed. 338; George *v.* Central R. Co., 101 Ala. 607; Webb *v.* Ridgely, 38 Md. 364; Way *v.* American Grease Co., 60 N. J. Eq. 263; Butler *v.* Standard Mills Flour Co., 131 N. Y. Suppl. 451; Parsons *v.* Tacoma, etc., Co., 25 Wash. 492; Wood *v.* Union Gospel, etc., Ass'n, 63 Wis. 9.)

And in the following cases it was held that a person would be enjoined from voting stock pending a determination of the title thereto and the right to vote it. (Harper *v.* Smith, 87 N. Y. Suppl. 516; Vallamil *v.* Hirsch, 143 Fed. 654.)

LIABILITY OF DRAWER UPON BANKERS' ACCEPTANCE

Where a bill of exchange is drawn upon a bank or trust company, payable at a future date, and is accepted, the bank becomes principal debtor thereon, but the drawer remains liable to the holder provided the necessary proceedings on dishonor be duly taken.

From New York—Kindly advise whether when a draft or bill of exchange is accepted by a bank or trust company the drawer is relieved from responsibility thereon. I believe the common opinion among acceptance users is that the drawer is fully responsible to any innocent holder until the acceptance is actually paid.

Under the law, the effect of an acceptance is to constitute the acceptor the principal debtor and the bill becomes by the acceptance very similar to a promissory note, the acceptor being the promisor and the drawer standing in the relation of an indorser or a surety. (Haddock Blanchard & Co. *v.* Haddock, 192 N. Y. 499; *in re* Stevens 74 Vt. 408.)

There is a special rule regarding checks accepted for the holder as to which the Negotiable Instruments Act provides that "where the holder of a check procures it to be accepted or certified, the drawer and

all indorsers are discharged from liability thereon." The reason for this is that the check is payable in money on demand and if the holder chooses to take payment in a certified check instead of money, the drawer is discharged. As said in a New Jersey case: "Certification has the same effect as if the holder had drawn the money, redeposited it and taken a certificate of deposit for it." (Times Square Automobile Co. *v.* Rutherford National Bank, 73 Atl. 479.) But where a draft or bill of exchange is drawn upon a bank or trust company, payable at a future date, the acceptance by the bank or trust company does not have the effect of discharging the drawer, but he remains liable provided the necessary proceedings on dishonor be duly taken.

INVESTMENT IN BANKERS' ACCEPTANCES BY NEW YORK SAVINGS BANKS

Under Section 239 of the Banking Law of New York a savings bank may invest in bankers' acceptances of banks, national banks or trust companies incorporated under the laws of New York or under Federal law and having their principal place of business in the state, where such acceptances are of the kind and maturities made eligible by law for rediscount with Federal reserve banks, although not indorsed by a member bank, which indorsement is required to authorize a Federal reserve bank to discount such acceptances.

From New York—Has a New York savings bank under the laws of the State of New York the right to buy a sixty day acceptance of a member of the Federal Reserve Bank of New York located in New York City if such acceptance is of due and legal form but is not endorsed by a member bank? In other words, does any New York savings bank have the right to buy any bankers' acceptance that does not bear the endorsement of a member bank? The general opinion seems to be that under the laws of the State of New York governing the investments of savings banks such banks are permitted to buy the acceptances of any bank or trust company organized under the laws of the State of New York or of the United States that has its principal place of business in the State of New York without the endorsement of a member bank, provided, of course, that the bill is otherwise eligible for rediscount with the Federal reserve bank.

Section 239 of the Banking Law of New York, as amended in 1918, permits a savings bank to invest in

"bankers' acceptances and bills of exchange of the kind and maturities made eligible by law for rediscount with Federal reserve banks, provided the same are accepted by a bank, national banking association or trust company, incorporated under the laws of the State of New York or under the laws of the United States and having its principal place of business in the State of New York,"

with restrictions as to the amount, etc.

Section 13 of the Federal Reserve Act provides in part:

"Any Federal reserve bank may discount acceptances of the kinds hereinafter described, which have a maturity at the time of discount of not more than three months' sight, exclusive of days of grace, and which are indorsed by at least one member bank.

"Any member bank may accept drafts or bills of exchange drawn upon it having not more than six months' sight to run, exclusive of days of grace, which grow out of transactions involving the importation or exportation of goods; or which grow out of transactions involving the domestic shipment of goods provided shipping documents conveying or securing title are attached at the time of acceptance; or which are secured at the time of acceptance by a warehouse receipt or other such document conveying or securing title covering readily marketable staples"

Under this, I am inclined to the opinion that a New York savings bank would have the right to buy a bankers' acceptance of the kind and maturity made eligible by the Federal Reserve Act for rediscount with a Federal reserve bank, although it did not bear the indorsement of a member bank.

The Federal Reserve Act authorizes the Federal reserve banks to discount bankers' acceptances of the kind and maturities therein described "which are indorsed by at least one member bank." While such indorsement is a presequisite for rediscount by a Federal reserve bank, I do not think it is made a condition of eligibility by the New York banking law for investment by a savings bank. The New York law provides that bankers' acceptances "of the kind and maturities made eligible" by the Federal law for rediscount by the Federal reserve banks may be purchased by savings banks. If, therefore, the acceptance is of the described kind and maturity, it is eligible for investment. While the Federal law requires that such acceptance must be indorsed by at least one member bank to authorize a Federal reserve bank to discount same, such indorsement is not a condition of eligibility for investment by a savings bank under the law of New York. If the law of New York omitted the words "of the kind and maturities" and simply provided that bankers' acceptances "made eligible by law for rediscount with Federal reserve banks" were subject of investment by savings banks, then there would be good ground for holding that indorsement by a member bank would be requisite. But the New York law does not so provide. The provision is that investment may be made in bankers' acceptances "of the kind and maturities made eligible," etc., and where the acceptance has these necessary requisites of eligibility, I think a savings bank is given the right to invest therein, though it does not bear the indorsement of a member bank. It might be desirable, however, to obtain an opinion or ruling of the Superintendent of the New York Banking Department upon the point and thus settle the question in an official way.

COLLECTION BY INSOLVENT BANK

Where a draft of A on B is deposited with C, who forwards for collection to D, but fails to indorse, and D indorses to E, who collects from the drawee and remits to D, who fails before remitting to C, opinion that the drawee need not have paid the draft in the absence of indorsement of D, but having waived the irregularity and made payment to an authorized collecting agent, the indebtedness of B to A is discharged and the question whether A or C is the loser from the failure of D (assuming the proceeds are not recoverable in full from D's estate as a trust fund) will depend upon whether C discounted and took title to the draft, in which event, the draft having been paid, A would be discharged as drawer and the loss would be C's, or whether C took the draft as agent for collection, in which event C would not be liable, and A would be the loser, except in those states where a collecting bank is held

liable for defaults of correspondents.

From Missouri—

A........................a Miller
B...........a Wholesale Merchant
C........................a Banker
D........................a Banker
E........................a Banker

A sells to B a carload of flour for $3,000 and draws on him in favor of C, his banker, for the amount.

It is presumed that C sends the draft for collection to D, another banker, though it is not evidenced by his indorsement, instructing the payment to be made to D. However, the draft being in his possession, D indorses it and sends it to E, another banker, for collection.

On receipt of the draft E makes demand of B for its payment, which B complies with.

On receipt of the payment E remits the amount to D, who before he makes an accounting to any one for the amount, fails and goes into bankruptcy, hence C fails to receive his equity in the draft, and A the amount of his debt against B.

Query: Would B have been legally justified in refusing to honor the draft, in consequence of the absence of the indorsement of C? Where is the recourse of A and C? Where does the ultimate responsibility lie?

The lack of a prior indorsement necessary to complete the chain of title, or rather of authority to collect, would have justified the drawee B in refusing to pay the draft.

But having waived the irregularity and made payment to a collecting agent, the last of a chain of successive agents upon each of which authority to collect was conferred by his predecessor, the payment would, I think, be valid to discharge the indebtedness of B to A.

The fact that the authority to D was not evidenced by indorsement does not invalidate it; a valid authority to collect coupled with transfer of the instrument to be collected may be conferred by parol and although the drawee is entitled to written indorsement, this can be waived and payment to an authorized collecting agent would discharge the instrument. Of course, if there was no authority to D to collect, then D could confer none and the payment by the drawee, being to one without authority, would not discharge his indebtedness to A, the seller of the flour; but the opinion that the indebtedness of B is discharged is based on the presumption that C sent the draft to D with authority and instructions to collect, although C failed to indorse. B, therefore, having paid the draft for the flour, is discharged from his indebtedness to A and is eliminated from the problem.

Who then is liable to A for the money or does the ultimate loss fall upon A? E has remitted the proceeds of the draft to D and is thereby relieved from further liability. But D has gone into bankruptcy before remitting the proceeds. Some courts would hold (others *contra*) that the amount in the hands of D's receiver would be impressed with a trust in favor of the owner and could be recovered in full as a trust fund so long as its identity could be established; that the owner would not be simply a general creditor compelled to share in dividends. But assuming the amount is not recoverable in full from the estate of D and there is a loss, then the ultimate loss would fall upon either A or C.

If C, the banker, to whom the draft was payable, discounted same for A and placed the proceeds to his credit—in other words took title and became owner—the loss would fall upon C, for the draft having been paid, the drawer A would be discharged from liability.

But if the draft was merely taken by C from A as agent for collection and a provisional credit given for the amount with right to charge back in case the proceeds were not ultimately received, then, assuming there was no negligence on the part of C in forwarding the draft, the liability or non-liability of C would depend upon whether the rule would apply that a collecting bank is liable for the defaults of correspondents or the contrary rule that a bank undertaking a collection is simply under duty to employ a suitable sub-agent and transmit the paper to him, which done, the bank is not liable for defaults of the sub-agent or correspondent, unless by some after act it makes itself responsible. There is a wide conflict on this subject in different states, some courts holding to the former and some to the latter rule; and it is the practice in states which hold the former rule for banks to expressly disclaim liability for defaults of correspondents by imprinting such disclaimer upon deposit slips, passbooks and other bank stationery.

Assuming the transaction in this case is governed by the law of Missouri, the latter rule prevails, viz.: That the collecting bank merely undertakes to use care in transmitting the paper and having done this, it is not responsible for the sub-agent's acts and defaults. (Daly *v.* Butchers' & Drovers' Bank, 56 Mo. 94.)

It would follow, therefore, in such a case that if the bank C discounted and took title to the draft, it would be the ultimate loser, but if it merely undertook its collection and was free from negligence the loss would fall upon the drawer A.

CASHIER AS REAL ESTATE AGENT FOR CUSTOMER

It is not unlawful for the cashier of a national bank to act as agent for one of the bank's customers in selling his real estate to another customer and to receive commission therefor.

From Colorado—A customer of a national bank owns a farm which he wishes to sell and tells the cashier that if he (the cashier) will sell same for a certain price he will allow him the regular real estate commission. Cashier sells the farm to another customer for the stated price. Will the acceptance of the commission by the cashier be in violation of the banking law? The bank does not do a real estate business. The funds for the purchase of the farm do not come from the bank's deposits, but the proceeds are used to pay the bank the amount owing by the seller. Am of the opinion that the cashier would be within his rights to accept the commission earned, but want to be certain.

Section 22 of the Federal Reserve Act formerly provided that no officer, etc., of a member bank "shall be a beneficiary of or receive, directly or indirectly, any fee, commission, gift or other consideration for or in connection with any transaction or business of the bank." This provision is no longer law. But even thereunder, I doubt if a sale of real estate by one customer of a bank to another, effected by the cashier of a national bank acting in his personal capacity as agent of the seller, would be a transaction or business of the bank, it being entirely outside the bank's affairs, although the proceeds were used by the selling customer to pay his indebtedness to the bank.

But the above provision, as said,

is no longer in force and there is now nothing in the Federal Reserve Act, the National Bank Act or any other Federal statute, so far as I know, which would make it unlawful for the cashier of a national bank to act as agent for one of the bank's customers in selling his real estate to another customer and to receive commission therefor.

LIABILITY OF BANK FOR INJURY TO CUSTOMER ON PREMISES

Where a customer of a bank, while waiting in the safety-deposit room, went into a washroom used exclusively for employees and poorly lighted, and fell down-stairs, sustaining injury, the customer who went into such room without invitation was not an invitee but a mere licensee as to whom the bank is not liable in damages for the injuries sustained.

From Arizona—About two months ago quite an elderly lady, who was a patron of this institution, walked to the rear of the bank and asked Miss X, a young lady employed by us, if she could have a drink of water. Miss X told her to wait in the safety-deposit room while she went to get a sanitary drinking cup from the supply room, which is located at the other end of the banking room. While Miss X was procuring this cup the lady opened the door leading from the safety-deposit room and went into the washroom, which is used by the employees of the bank exclusively. This place is quite dark and she apparently searched for an electric switch to turn on the light, and in so doing fell down a flight of stairs leading to the basement. She was somewhat bruised and was in bed several days we believe, but later appeared upon the streets and has been in the bank several times since. Please understand we have no public resting room or drinking place and the act of Miss X procuring the cup preparatory to getting her a drink was a matter of courtesy only on our part. We have since heard that her relatives believe they have a claim against the bank for damages sustained to this lady caused by her falling down the steps.

We are anxious to know whether or not we are liable for any damages incurred by this woman who deliberately went into this portion of the bank, which is used for our employees only, after being told to wait in the safety-deposit room.

In the case submitted the first question to be considered is as to whether the injured party was on the premises by invitation of the bank, express or implied, or a mere licensee, in order to determine the degree of duty as to the condition of the premises which the bank owed to such party.

A licensee has been defined as a person who is neither a passenger, servant, nor trespasser and not standing in any contractual relation with the owner of the premises, and is permitted to come upon the premises for his own interest, convenience, or gratification. (Northwestern El. R. Co. *v.* O'Malley, 107 Ill. App. 599). The rule is well settled that an owner of premises owes to a licensee no duty as to the condition of such premises, unless imposed by statute (Rhode *v.* Duff, 208 Fed. 115; Scoggins *v.* Cement Co., 179 Ala. 213, 60 So. 175; Purtell *v.* Coal, etc., Co., 256 Ill. 110. 99 N. E. 899; Wilmes *v.* R. Co., 175 Iowa 101; Austin *v.* Baker, 112 Me. 267; Dickie *v.* Davis, 217 Mass. 25, 104 N. E. 567; Bryant *v.* R. Co., 181 Mo. App. 189; Barry *v.* Calvary Cemetery Assoc., 65 N. J. L. 378; Larmore *v.* Crown Point Iron Co., 101 N. Y. 391; Schiffer *v.* Sauer Co., 238 Pa. St. 550; Machine Co. *v.* Fryar, 132 Tenn. 612, 179 S. W. 127; Lumber Co. *v.* Gresham [Tex. Civ. App.], 151 S. W. 847), save that he should not knowingly let him run upon a hidden peril, (Vanderbeck *v.* Hendry. 34 N. J. L. 467; Cosgrove *v.* Hay, 54 Pa. Super. Ct. 175; Beehler *v.* Daniels, 18 R. I. 563) or wantonly or wilfully cause him harm. (Tully *v.* Philadelphia, etc., R. Co., 3 Pennew, [Del.] 455; Gibson *v.* Leonard, 143 Ill. 182; Patnode *v.* Foote, 138 N. Y. Suppl. 221; Railroad Co. *v.* Littlejohn, 44 Okla. 8, 143 Pac. 1; Kay *v.* Penn. R. Co., 65 Pa. St. 269; Cameron *v.* Polk [Tex. Civ. App.], 177 S. W. 1178; Kroeger *v.* Construction Co., 83 Wash. 68 145 Pac. 63; Strough *v.* Railroad Co., 209 Fed. 23.)

If the evidence in the instant case should develop that the injured party was a mere licensee, then it is apparent that the bank would not be liable in damages for the injuries sustained by the old lady, according to above well-established rule of law.

The owner or occupant of premises who induces others to come upon it by invitation express or implied owes to them the duty of using reasonable or ordinary care to keep the premises in a safe and suitable condition, so that they will not be unnecessarily or unreasonably exposed to danger. (Hardware, etc., Co. *v.* Monical, 205 Fed. 166; Express Co. *v.* Williamson, 66 Fla. 286, 63 So. 433; Purtell *v.* Coal, etc., Co., 256 Ill. 110, 99 N. E. 899; Beard *v.* Klusmeier, 158 Ky. 153, 164 S. W. 319; Resnikoff *v.* Friedman, 124 Minn. 343, 144 N. W. 1095; Moersdorf *v.* Telephone Co., 84 N. J. L. 747, 87 Atl. 473; Parsan *v.* Johnson, 208 N. Y. 337, 101 N. E. 879; Nicholson *v.* Express C., 170 N. C. 68; Hogge *v.* Railroad Co., 47 Utah 266, 153 Pac. 585; Nesbit *v.* Webb, 115 Va. 362; Polk *v.* Fair, 73 Wash. 610.)

And hence such persons may recover for injuries received owing to the dangerous condition of the premises known to him and not to them. (Douglass v. Peck, etc., Co. 89 Conn. 622, 95 Atl. 22; Koehler *v.* Turn Verein, 187 Ill. App. 340; Gosney *v.* Railroad Co., 169 Ky., 323, 183 S. W. 538; Smith *v.* Yarn Co., 225 Mass. 287, 114 N. E. 353; Bennett *v.* Louisville, etc., R. Co., 102 U. S. 577.)

However, a defendant is not bound to keep his premises absolutely safe.

(Houtz *v.* Railroad Co., 173 Cal. 750, 161 Pac. 971; Bell *v.* Bank. 28 App. D. C. 580 [holding that an owner of land is not an insurer of the safety of persons on his premises by implied invitation, but the measure of his duty towards them is reasonable prudence and care]; La Veer *v.* Iron, etc., Works, 187 Ill. App. 481; Myers *v.* Chicago etc., R. Co., 103 Mo. App. 268.)

An invitation to enter upon the premises exists where some benefit accrues or is supposed to accrue to the one who extends the invitation. Oil Co. *v.* Pusey, 211 Fed. 622.) To come under an implied invitation as distinguished from a mere license the visitor must come for a purpose connected with the business in which the occupant is engaged, or which he permits to be carried on there.

This invitation arises in the case of customers who for the purpose of trade or other business enter a store, bank or other place of business. (Bell *v.* Bank, 28 App. D. C. 580; De Wolfe *v.* Pierce, 196 Ill. App. 360; Express Co. *v.* Williamson, 66 Fla. 286, 63 So. 433.)

The duty which the law imposes

on owners to maintain their premises in a reasonably safe condition for the use of those who may be lawfully there renders the owner liable for injuries caused by defected, obstructed, or unguarded stairways. (Reynolds *v.* John Brod Chemical Co., 192 Ill. App. 157; Reese *v.* Abeles [Kan. 1917], 164 Pac. 1080; Toland *v.* Paine Furniture Co., 179 Mass. 501; Cheifetz *v.* Hills, 148 N. Y. Suppl. 103; Jackson *v.* Grayson, 13 Pa. Dist. Ct. 467.)

However, the rule seems to be well settled that where a person has entered on the premises of another under invitation express or implied he is bound by that invitation and becomes a bare licensee if he goes to some other part of the premises for purposes of his own. (Louisville, etc., R. Co. *v.* Sides, 129 Ala. 399; Etheridge *v.* Georgia R. Co., 122 Ga. 853 [holding that an owner is under no duty to persons using a path to keep his entire premises in safe condition for pedestrians; and if a person using the path leaves it and wanders some distance from the path and falls into a ditch partly concealed from view, the owner will not be liable]; Robinson v. Maryland Coal & Coke Co. [Ala. 1916], 72 So. 161; Graham *v.* Pocasset Mfg. Co., 220 Mass. 195 [where a man went to a mill to apply for work, and by invitation of the engineer entered the weave room of the mill, after conversation with the engineer he started to leave the room by a door he had never used before and which opened upon a staircase leading to a different side of the mill from the one by which he had entered, and there being no platform at the head of these stairs, but an immediate descent of 7½ inches to the top step, he fell down the flight of stairs and was injured; and in an action against the corporation operating the mill for the injuries thus caused, it was held that there was no invitation to plaintiff to leave the weave room by a different door from that by which he had entered it, and that, when he attempted to leave in this way, he became a mere licensee to whom defendant owed no duty to keep its premises safe or to warn him of their condition]; Hutchinson *v.* Cleveland-Cliffs Iron Works, 141 Mich. 346; Mazey *v.* Loveland, 133 Minn. 210, 158 N. W. 44; Phillips *v.* Burlington Library Co., 55 N. J. L. 307 [holding that the liability of the owner or occupier of premises for their condition is only co-extensive with his invitation, and a person on private grounds by invitation of the owner, going of his own volition into other parts of the premises, exceeds the bounds of his invitation, and if he does not thereby become a trespasser, goes out of his way to create a risk for himself]; Flannagan *v.* Atlantic Alcatraz Asphalt Co., 56 N. Y. S. 18; Quantz *v.* Southern Ry. Co., 137 N. C. 136; Nashville, etc., R. Co. *v.* Lovejoy, 138 Tenn. 492, 198 S. W. 61; Senning *v.* Interurban R. Co., 101 Kan. 78, 165 Pac. 863; Dickie *v.* Davis, 217 Mass. 25; Slough *v.* Ragley Lumber Co. [Tex. Civ. App. 1903], 76 S. W. 779; Pierce *v.* Whitcomb, 48 Vt. 127; Peake *v.* Buell, 90 Wis. 508; Rhode *v.* Duff, 208 Fed. 115.)

In the instant case, assuming that the lady in question was in the first instance an invitee upon the bank premises, it would seem to be clear that upon leaving the "safety-deposit room," where she was upon invitation, and wandering through the connecting door into the "washroom," into which she had not been either expressly or impliedly invited, she immediately ceased to be an invitee and became a mere licensee, and the bank would not therefore be liable for any injuries received by her while in such situation. The Massachusetts case set forth *supra* (220 Mass. 195) seems to be practically "on all fours" with this case.

Mortuary Record of Association Members

REPORTED FROM FEBRUARY 26 TO MARCH 25, 1920

Bailey, H. F., president Mount Kisco National Bank, Mount Kisco, N. Y.

Banks, Lester T., assistant cashier Northwestern National Bank, Minneapolis, Minn.

Bates, Richard, cashier Maynard-Allen State Bank, Portland, Mich.

Burnett, E. A., vice-president Second National Bank, Mechanicsburg, Pa.

Dohan, Ignatius J., vice-president Union National Bank, Philadelphia, Pa.

Einstein, Berton, vice-president First National Bank, Coalinga, Cal.

Flannery, James J., president, Oakland Savings & Trust Company, Pittsburgh, Pa.

Freeman, John, president New Farmers State Bank, Mason City, Ill.

Gaines, W. L., vice-president Security Bank & Trust Company, El Paso, Tex.

Goerke, B. F., president, American Bank of Burr, Burr, Nebr.

Hills, George F., president State Bank & Trust Company, Hartford, Conn.

Hubbard, John H., secretary Cambridge Trust Company, Cambridge, Mass.

Kimball, Frank W., vice-president Lynn Institution for Savings, Lynn, Mass.

Page, Thomas, president Shawnee State Bank, Topeka, Kan.

Perry, Winthrop H., president Southport Trust Company, Southport, Conn.

Pierson, James W., vice-president The Watsessing Bank, Bloomfield, N. J.

Praschan, David P., assistant cashier State Savings Bank, Bad Axe, Mich.

Sinton, J. W., vice-president National State & City Bank of Richmond, Richmond, Va.

Spencer, William, president First National Bank, Erie, Pa.

Strathern, H. M., president Union Park Bank, Spokane, Wash.

Vinson, J. R., president Southern Trust Company, Little Rock, Ark.

Wilder, Frederick W., president Woodstock National Bank, Woodstock, Vt.

Wilson, Hugh E., secretary Grand Rapids Trust Company, Grand Rapids, Mich.

Yeomans, J. A. vice-president Old National Bank, Spokane, Wash.

Changes Among Bank Officers

FOLLOWING is a list of changes in institutions which are members of the American Bankers Association, reported to the JOURNAL from February 26 to March 25, inclusive. Members will confer a favor by notifying this department immediately of any such changes. Publication will be made only on receipt of information direct from members.

ALABAMA

Wetumpka—George E. Smith appointed cashier Bank of Wetumpka.

COLORADO

Idaho Springs—H. E. Machol elected president First National Bank to succeed George McClelland, resigned.

FLORIDA

Jacksonville—Charles B. Campbell appointed cashier Florida National Bank to succeed George J. Avent, now vice-president.

Tampa—J. A. Griffin elected vice-president, John E. Swanson cashier and John O. Perry assistant cashier, The Exchange National Bank.

GEORGIA

Atlanta—Leo Stillman elected assistant cashier Atlanta National Bank.

Atlanta—J. M. Selman, J. H. Ewing and F. W. Blalock elected assistant cashiers, Fulton National Bank.

Macon—E. C. Scott, formerly cashier The Citizens & Southern Bank, now vice-president; A. E. Bird, Jr., formerly assistant cashier, appointed cashier.

ILLINOIS

Alton—C. A. Caldwell elected president Alton National Bank.

Chicago—Frank J. Krajic appointed cashier Lawndale State Bank; Frank J. Vasek, assistant cashier.

Chicago—F. A. Tinkham appointed cashier Calumet National Bank.

INDIANA

Indianapolis—Charles F. Riddell elected vice-president Merchants National Bank.

IOWA

Albia—J. A. Canning, formerly cashier Peoples National Bank, elected president; Frank S. Nelson cashier, E. W. Baxter, assistant cashier.

Des Moines—Arthur Reynolds, formerly president Des Moines National Bank, elected chairman of the board; John A. Cavanagh elected president.

Indianola—Carl H. Lane elected president First National Bank; Ray Lane, formerly assistant cashier, now cashier, succeeding Will A. Lane, resigned.

KANSAS

Rantoul—W. S. Tulloss, formerly president The State Bank of Rantoul, elected vice-president and chairman of the board; W. G. Tulloss, formerly cashier, elected president; C. D. Cayot, formerly assistant cashier, now cashier; Noma D. Williams, assistant cashier.

KENTUCKY

Louisville—James J. Hayes, formerly cashier and vice-president National Bank of Kentucky, now vice-president; Charles F. Jones, formerly assistant cashier, elected cashier.

LOUISIANA

New Orleans—Henry Irving Landry elected vice-president Liberty Bank & Trust Company.

MASSACHUSETTS

Boston—Charles W. Levi elected active vice-president Tremont Trust Company.

MICHIGAN

Bay City—Irving H. Baker elected vice-president First National Bank.

Detroit—Philip S. Hanna elected vice-president American State Bank.

Detroit—W. R. Laing appointed assistant cashier Bank of Detroit, to succeed E. D. McCullough, resigned.

Detroit—Walter L. Dunham elected vice-president The Dime Savings Bank.

Detroit—Charles McMichael appointed assistant cashier First & Old Detroit National Bank.

Detroit—Charles H. Ayers, formerly assistant cashier Peoples State Bank, elected vice-president; Curtis S. Bogan appointed assistant cashier.

Highland Park — James T. Whitehead, formerly vice-president Highland Park State Bank, elected president to succeed James Couzens, resigned; George R. Andrews, M. D., elected vice-president.

Harbor Beach — Roy Bricker elected cashier State Bank of Harbor Beach to succeed Henry Binkle.

Romeo — William Rumsey elected president Romeo Savings Bank, to succeed M. I. Brabb, retired.

Wyandotte — H. P. Borgman elected president First Commercial & Savings Bank, to succeed F. A. Schulte, resigned.

MINNESOTA

Blooming Prairie — Miss L. O'Toole, formerly assistant cashier First National Bank, elected vice-president.

Deerwood—Thomas L. Lee, cashier First National Bank, resigned.

Minneapolis—M. D. Chandler elected vice-president Metropolitan National Bank; J. D. Husbands, cashier.

Minneapolis—Robert W. Webb, formerly vice-president Minneapolis Trust Company, elected president to succeed Elbridge C. Cooke, now chairman of the board.

St. Paul—John R. Mitchell, formerly president Capital National Bank, elected chairman of the board; James L. Mitchell elected president; Melker J. Warn appointed assistant cashier.

St. Paul—M. J. Conway and A. W. McNee, appointed assistant cashiers First National Bank.

St. Paul—Arthur H. Bosshardt elected cashier National Bank of Commerce.

St. Paul—Carl S. Diether elected assistant cashier National Exchange Bank of St. Paul.

MISSOURI

Kansas City—Joseph G. Kennedy and Earle W. Henderson appointed assistant cashiers Commonwealth National Bank.

St. Louis—C. H. Fischer, assistant cashier Liberty Bank of St. Louis, resigned.

MONTANA

Great Falls—E. A. Newlon elected vice-president and cashier Great Falls National Bank.

NEBRASKA

Burwell — Jack C. Bristowe elected president First National Bank; R. A. Studley, vice-president.

Chadron—Ray Tierney elected president Chadron State Bank.

Chadron — O. J. Schwieger elected president Citizens State Bank of Chadron.

Pawnee City—H. C. Van Horne, formerly cashier Farmers State Bank of Pawnee City, elected president to succeed J. T. Trenery, resigned.

NEW YORK

Albion—H. D. Bartlett elected cashier Orleans County National Bank to succeed J. William Cornell, resigned.

Mayville — H. J. Lockwood elected cashier State Bank.

New York—Frank K. Houston elected vice-president Chemical National Bank.

New York—Roy H. Passmore appointed cashier National Bank of Commerce in New York, to succeed Richard W. Saunders, resigned; Walter E. Lovblad appointed assistant cashier.

New York—J. S. Hamilton, formerly assistant cashier, elected vice-president Pacific Bank; A. G. Irvine, J. W. Konvalinka and E. C. Kern appointed assistant cashiers.

Olean—W. J. Braunschweiger elected vice-president Olean Trust Company to succeed John C. Burger, resigned.

Syracuse—Elmer T. Eshelman elected first vice-president First Trust & Deposit Company; Carleton A. Chase elected president to succeed Arthur W. Loasby, resigned.

Westfield—E. D. Reagan elected cashier The National Bank of Westfield, to succeed G. S. Flagler, deceased.

OHIO

Canton — William C. Laiblin elected president City National Bank to succeed W. H. Clark, resigned.

Cleveland—J. G. Geddes elected vice-president First National Bank; William Tonks and Charles B. Anderson, assistant cashiers.

Oak Harbor—William Timmerman elected cashier First National Bank to succeed Walter Snider, resigned.

PENNSYLVANIA

Franklin—Wayne W. Bleakley elected president First National Bank to succeed Gen. Charles Miller, resigned.

Jeannette—C. E. Landis appointed assistant cashier Glass City Bank.

McKeesport—W. C. Soles, formerly president National Bank of McKeesport, elected chairman of the board; D. H. Rhodes, formerly vice-president, elected president; J. W. Albig elected cashier, and F. M. Wolf, assistant cashier.

Philadelphia—George W. Norris elected governor Federal Reserve Bank.

Philadelphia—C. Addison Harris, Jr., elected president Franklin Trust Company to succeed Henry E. Woodman, deceased; A. B. Dauphinee, formerly secretary and assistant treasurer, elected treasurer; Anson L. Crispen, formerly assistant treasurer, now secretary and assistant treasurer.

Philadelphia—William P. Rech and Frederick W. Spoehr appointed assistant cashiers The Quaker City National Bank.

Shippensburg—George S. McLean elected cashier First National Bank to succeed John E. Gresman, resigned.

West Chester—Arthur P. Reid elected president First National Bank to succeed Marshall S. Way, resigned.

SOUTH DAKOTA

Britton—Walter M. Kelly appointed assistant cashier First National Bank to succeed J. M. Kelly, resigned.

TEXAS

Dallas—Jack D. Gillespie elected vice-president Central State Bank.

Dallas—George Waverley Briggs elected vice-president City National Bank; Lang Wharton, formerly cashier, elected vice-president; Stewart D. Beckley, formerly assistant cashier, now cashier; Soula J. Smyth and C. J. Savage appointed assistant cashiers.

VIRGINIA

Lynchburg — Giles H. Miller elected vice-president and cashier The Lynchburg National Bank.

Norfolk—E. D. Denby and R. H. Moore appointed assistant cashiers The Norfolk National Bank.

WASHINGTON

Seattle—Ralph S. Stacy elected president The Scandinavian American Bank, to succeed J. E. Chilberg, resigned.

Spokane—A. W. Lindsay elected president Union Park Bank to succeed H. M. Strathern, deceased.

Tacoma—S. M. Jackson elected president The National Bank of Tacoma to succeed Ralph S. Stacy.

WISCONSIN

Madison—Joseph M. Boyd, formerly president Bank of Wisconsin, elected chairman of board; R. L. Hopkins elected president.

Madison — Frank W. Hoyt elected president First National Bank to succeed A. E. Proudfit; M. H. Sater, formerly assistant cashier, now cashier.

Waupun—C. E. Hooker elected president National Bank of Waupun to succeed B. W. Davis, deceased.

The 21,000th Member

THE Planters Bank & Trust Company of Fremont, N. C., has the distinction of being enrolled as the 21,000th member of the American Bankers Association. That interesting event occurred on Friday, March 26, when another milestone in the progress of the Association was passed. At the close of business on that date the membership had reached a total of 21,017.

Trust Company Section

A National Publicity Campaign

IN accordance with the decision to conduct a national publicity campaign, the following letter was forwarded to members of the Trust Company Section on March 8 by Francis H. Sisson, chairman of the Committee on Publicity:

"Your special attention is invited to the following plans for a national publicity campaign for trust companies, announced in a recent letter of J. A. House, chairman of the Executive Committee of the Trust Company Section. The trust companies now have the opportunity to join in this first campaign of national scope, and thus secure the greatest results for the participants.

"Interviews with a number of presidents, vice-presidents and advertising managers of trust companies in various cities have developed the fact that the functions of a trust company are little understood by the majority of people. Many persons possessing large estates and fortunes are not informed about trust matters. This indicates that there is a vast amount of business to be developed for trust companies and a great deal of educational work is necessary to secure it.

"The principal difficulty which faces any trust company is public ignorance. Before you can offer any man a reason for dealing with your own trust company, you must first convince him that he should deal with *any* trust company—that he should make a will or create a trust. The duplication of these educational efforts by individual trust companies means a very large expense throughout the country. This duplication may be decreased when the publicity campaign of the Trust Company Section appears.

"Such a campaign as planned will be doubly effective. It will not be the self-seeking propaganda of any one institution and it will bear the stamp of authenticity by having the support of a nationally organized body. Furthermore, the service rendered for such a campaign from a central office would be most efficient.

"A. *The purpose* of the campaign is to present facts and data in respect to the functions and services of trust companies as they pertain to voluntary or living trusts, involuntary trusts or those under will or court appointment. Also all other services usually performed by these institutions. To all subscribing companies the general theme of the advertisements will be presented for their suggestions.

"B. *The campaign* will be in the form of full page, illustrated advertisements, appearing for the period of a year in high-class national periodicals of recognized value. A thorough analysis of circulations will be made before selecting the magazines. All subscribers will be sent a circular containing proofs of the series of advertisements, detailed information regarding magazines to be used, schedules for issues, space, etc. This will enable members to link up their local advertising with the national, thus securing for their company every possible advantage.

"C. *The copy* contained in the advertisements will be of the highest type and will be prepared in cooperation with prominent financial publicity men. It will be carefully supervised in order that it may apply to and benefit trust companies in every part of the United States. It will be designed to lead the readers into his or her own trust company in order to discuss the suggestions set forth and to secure printed matter. The Committee on Publicity, each member at the head of a publicity department of a trust company known nationally, will have supervision over all copy, which must have the approval of this committee before publication. This is intended as an intensive campaign to produce direct results as far as possible for all trust companies participating.

"D. *The cooperation* and concrete suggestions to be given each company will assist as far as possible in the conduct of a local campaign simultaneously with the national. This will comprise suggested plans, advertisements to be used either separately or jointly and copy for various forms of printed matter and letters, with full explanations for printing and use. This assistance will be given in order that the maximum results may accrue to each company in securing the largest development of the local field.

"E. *The cost* of the campaign is based upon the subscription by each member of only 1/100 of 1 per cent. of its combined capital, surplus and undivided profits. Based on this percentage, the total subscriptions would make available magazines with a combined circulation approximating between 6,000,000 and 8,000,000. A campaign covering this number of readers, consistently sustained, would very probably reach every prospect for trust company business.

"This is the most important attempt ever made by the Trust Company Section to serve the trust companies of the country. The entire benefits of this campaign will accrue exclusively to the member trust companies, the campaign being handled by the Trust Company Section, the central organization of the trust companies.

"The plan has the hearty endorsement of the Executive Committee of this Section, and by a unanimous rising vote the members present at the First Mid-Winter Conference of the Trust Companies of the United States, held in New York City February 20, 1920, gave their unqualified endorsement to this national publicity campaign. It is urged that all members fill out and return, before March 20, the subscription blank enclosed, in order that the campaign may begin as early as possible."

Comments on Publicity

In order to show the hearty response and approval given to the National Publicity Campaign, as outlined in the prospectus, we publish herein a few extracts from letters written by large and small trust companies in all parts of the country:

"It is a fine educational movement."

"We are heartily in sympathy with it and desire to do our part."

"This proposition makes a 'home run' with us, and has been the thing we have hoped for and talked about for a long time."

"This is but another evidence of the mighty fine interest which the officers and committees of the Trust Company Section have evidenced during the last three years."

"We have a genuine pleasure in enclosing subscription for our share of the campaign."

"If you should find in order to carry your plans to a successful conclusion that a larger subscription is required, we shall be very glad to contribute our proportion."

"This step appeals to us and we hope that the response of the trust companies throughout the country

will be such as can make it entirely successful from every standpoint."

"We wish to compliment the committee for the programme which they have outlined."

"We anticipate great results from such a cooperative effort of national breadth."

"There is nothing more important that trust companies can do, in our opinion, than the work which you now propose. We would gladly double our subscription if it were necessary."

"We are pleased to enclose subscription agreement and desire to take this opportunity of wishing you and the other members on this committee the very best of success in the work which you are undertaking."

"We are certainly glad to learn of this campaign of enlightenment undertaken by your committee."

"We enthusiastically indorse this plan and enclose herewith our pledge of subscription.

"We thoroughly believe in this sort of work, having recently by a miniature trial proven the results that can be obtained."

"This has our whole-hearted approval, and we feel that much good will come of such a campaign."

"We heartily indorse the plan and hope it will be generally supported by the trust companies throughout the country."

"We are of the opinion that the movement is deserving of the support of trust companies all over the country."

What They Thought of the First Mid-Winter Conference

Early in March the following letter was sent to those in attendance at the First Mid-Winter Conference:

"What feature connected with the First Mid-Winter Conference of Trust Companies appealed to you as being of the greatest value?

"What would you suggest to be eliminated from or added to the program for next year?

"The above questions are asked in order to secure the benefit of your views while the meeting is still fresh in your memory."

Because of lack of space, we can only publish the following extracts from a portion of the replies to Question No. 1. They show very clearly the impressions made:

Newark, N. J.—"The conference that you had for us this year was so good that to make any suggestions would seem like 'painting the lily.'"

Philadelphia, Pa.—"There was so much that was excellent it is very difficult to specify which feature of the first mid-winter conference of the trust companies appealed to me as being of the greatest value."

Buffalo, N. Y.—"The greatest value is the opportunity for men to rub shoulders, renew old acquaintances, make new, and exchange ideas. This suggests the old, shop worn story that 'you have a dollar, I have a dollar, we swap. Our position is not improved. You have an idea, I have an idea, we swap, then we both have two ideas.'"

Detroit, Mich.—"A number of the speakers started out by saying 'Now what we do' and then followed by explanation of the way they handled the problem in their own trust company and the reasons for it, in other words, an experience meeting. I think we get the best kind of suggestion out of that kind of a meeting because it is practical."

Hartford, Conn.—"I think the discussion of the general topics involved was very helpful and it seems to me especially desirable that the discussion should be introduced and led by some one who is peculiarly familiar with the subject in hand, such as the chairman of the committee, which was the system adopted at the last meeting."

Toledo, Ohio.—"I appreciated most the discussion had at the morning session on the various topics dealt with, publicity, relations of trust companies and the lawyers and the employment department question.

"I found that we were all confronted with practically the same problems and the exchange of ideas as to solutions and the helpful suggestions which were brought out in the open forum discussion were very beneficial to the writer. Long papers dealing with local or academic questions are less interesting and helpful and I would much prefer an open discussion lead and conducted by a man of experience on the particular topic involved."

Indianapolis, Ind.—"The discussions of the foundation idea and employing methods of the Northern Trust seemed to me particularly helpful."

Richmond, Va.—"The particular subjects that appealed to me were those covering fees, the New York plan for Community Trusts with joint Trustees, and the discussion relative to the practice of law by Trust Companies."

Providence, R. I.—"Wish to congratulate you upon the success of the first conference and assure you that I personally was very glad that I attended, and felt the time well spent."

Washington, D. C.—"In my judgment the most important feature in connection with the first mid-winter conference of the trust companies which was held in New York was the discussion of the relations between trust companies and lawyers."

St. Louis, Mo.—"The real benefit comes from personal contact with active trust officials who are solving the same problems. The proposed amendment to the Inheritance Tax Law revealed the fact that the experience in Hartford had its counterpart in Chicago, St. Louis and other cities. As each man detailed his experience with this particular problem, he gave to the other men some hint or sidelight which enabled them to better understand and deal with the situation. The discussion led by Mr. Hathaway of the Northern Trust Company concerning the management and employment of men gave me two or three valuable ideas for actual use. It is impossible to bring together a hundred active business men for discussion of any phase of their real work without someone, and generally everyone, receiving a beneficial suggestion. The big publicity idea of Mr. Sisson got a first impression in the minds of all present with a force that would have been impossible to achieve with a dozen letters."

Winston-Salem, N. C.—"I thought the discussion in New York was very edifying and instructive."

Tulsa, Okla.—"The morning and afternoon conferences impressed me very much as being of great benefit to trust company men in the United States. The very subjects that are discussed at these conferences crystalize ideas and give food for thought, and in my judgment these meetings should be continued and additional subjects discussed from time to time."

Bridgeport, Conn.—"It is my opinion that the conference proved so valuable to everybody present, that you could never afford to omit it hereafter."

Jersey City, N. J.—"We made a full day of it, and it was our unanimous opinion that it was a day well spent. The interchange of views between men from all parts of the country on such important questions was most valuable."

Brooklyn, N. Y.—"It seems to me that the conference was something that was needed and trust that the plan will not be abandoned. The bankers have long felt that there should be some means of getting together to discuss their various problems and I am sure others will welcome these conferences."

Hartford, Conn.—"To my mind, the conference as a whole was of immense value, and there was no point brought up or discussed in which I failed to take an interest, or with respect to which I was not better informed and better able to serve this company at the conclusion of the conference.

"The conference was well conceived, well arranged, well conducted, and offered as much as could well be crowded into a single day."

Asbury Park, N. J.—"The program as a whole, of the recent conference, was so thoroughly good that it is difficult to offer suggestions."

New York, N. Y.—"I derived considerable benefit and pleasure from listening to the speakers on particular topics and the general discussion which followed and listened with attentive interest to the 'troubles and experiences' of trust company men and the remedies found or suggested by others, and came away with a feeling of satisfaction and desire to attend the next conference."

Savings Bank Section

Articles in this Journal

REFERENCE has heretofore been made in this department to the series of articles now appearing in the JOURNAL for developing the practical work of saving bankers both on the technical side and for availing of the various means of contact with the economic condition of individuals in the community. Special articles have recently been contributed on plans for industrial savings and home economics. The Section hereby acknowledges the cooperation of several members who contributed material and ideas and we solicit letters from managers of savings banks and savings departments on any data which comes to their notice.

The Section has available for distribution a limited supply of reprints from the February JOURNAL of the secretary's article on "The Savings Department." While we appreciate the favorable comment which that article has elicited, we will be especially grateful for suggestions and criticisms with a view to its elaboration for a revised edition of our book of forms which is being prepared by the committee.

Savings Banks Journal

Savings Banks Monthly Journal is the title of the new monthly of which number one is for March, devoted to the interests of mutual savings banks and published by the Savings Banks Association of the State of New York, of which Milton Harrison is the executive manager. Mr. Harrison is the editor and guiding genius, with W. H. Steiner as associate editor and W. R. Slaughter advertising manager and associate editor.

The thirty-four pages of the first issue contain twelve pages of advertisements from representative investment institutions, the balance being filled with constructive articles and statistics which should receive the careful attention of every savings banker.

The new monthly is intended to supplement and not to displace the *Weekly Service Bulletin* of the same organization.

We welcome the new periodical and we bespeak for it an important place in developing savings banking at a time when the need and opportunity therefor are perhaps greater than at any time since the distinct functions of savings banking were first recognized

Executive Committee

The spring meeting of the Executive Committee has been called for Pinehurst, N. C., April 26 and subsequent days. Many matters of importance will be presented for discussion and decision.

All members are requested to avail themselves of this opportunity for bringing before our officials their suggestions for future work of consequence to the Section and Association. Address the secretary or any member of the committee.

On Tax Exemption for Mortgages

The firm position taken by the great majority of institutional and investment bankers against new tax exemptions has led to much correspondence by the Section with persons interested in both the present exemptions and in corresponding subsidies for other activities.

The Merchants Association of New York, in its effort to stimulate building in that city by the subsidy of tax exemption, has obtained the active support of various organizations in the construction industries, and of brokers and land developers, and of course of many so-called tenants' leagues.

Somewhat typical of our correspondence with these persons has been that with Franklin T. Miller, president of the F. W. Dodge Company and chairman of the Legislation Committee of the National Federation of Construction Industries. We therefore take the liberty of quoting both a recent letter from Mr. Miller and the secretary's reply thereto:

"Your letter of the 10th leaves me with a still greater desire to learn more of your point of view with regard to tax exemption as applied to government bonds, savings banks, farm loan banks, home loan banks, etc. People with special interests are inclined to use tax exemption, franchises and other forms of special privilege. Those who already have the special privilege hesitate to see others get it and those who do not have it find it difficult to prosecute their business in competition with it. In times of national emergency, embargoes and tariffs, price fixing and other artifices have been used to stimulate production for one purpose or another. During the past few years the earnings of the banking interests have indicated that they have not been one of the greatest sufferers.

"Many believe that there is a housing famine now existing throughout the United States which was brought about through the governmental interference and a combination of causes, which famine is likely to work against public welfare, and that the worst way to go about relieving this famine would be by the Government going directly into the housing business. Others, however, foreseeing the consequences, of the government's entering into the housing business, advocate that various measures of relief should be agitated in the hope that the most favorable may be arrived at to offset the most serious results. I would be interested, indeed, in learning of any suggestions which you may have for relieving the present conditions and which would not interfere with the interests of your associates. Without knowing more about the matter, I believe that you are incorrect in attributing ulterior motives to some of my associates. Of course, my own point of view is more or less restricted to the welfare of the building industry and the needs of the people for its product."

Our reply:

"Replying to your letter of the

11th, if the price at which money can be obtained for building purposes were the principal or a controlling element in the building situation, of course there would be much more force in your argument for public subsidy.

"You are too well acquainted with the facts, both as to labor and as to the supply market and the condition of transportation, to make it necessary to go into details here.

"As to your second paragraph, I beg to advise in the first place that the recommendations of this Section are not framed with a view to what effect they might have upon the special interests of any of our members. Of the active membership of this Section, only one-fourth is composed of mutual savings banks, and the other three-fourths are subject to the heavy taxes which are imposed upon all commercial banks.

"We also have several members who are directly interested in the joint stock land banks. You can see why some of our members might be assumed to have a personal interest in furthering an exemption policy—but that does not affect our very positive stand in which we are supported not only by national and state banks and trust companies but also by an almost unanimous opinion of the more active men in the investment banking field.

"Concerning my reference to the principal backers of this plan for mortgage exemptions, I think it only necessary to call your attention to the difference in the situation as it now exists in Chicago and in New York. In Chicago you will find that a wide market has been created for mortgage securities among smaller taxpayers to the extent that there is an inadequate supply of new loans. Such a market does not appear to have been created in New York, and we may venture the opinion that this is because of the ready and easy market which has been found among our larger taxpayers. Is it proper to assume that the inclinations of the smaller taxpayers are so radically different that a wide market cannot be created in New York among people who would derive no substantial benefit from the exemption which you propose?

"Frankly, it appears to me that the mortgage interests are staking their all on this plea for a public subsidy, which could only be obtained by reason of the present emergency, but which by its terms is not limited to that emergency, either in time or in the subject matter.

"With all due respect to your own interest and special inclinations, I would answer your request for suggestions by stating my firm belief that *nothing will come of any agitation for public subsidy or bureaucratic control or paternalistic ventures by government. On the other hand, the sooner this agitation is dropped and the people realize that economic laws are to be given full play, the sooner will the situation be met by private initiative.* We cannot disguise the fact that there is always a tendency to overbuild any city, which creates a condition that favors the tenant more than the owner, and that no surer method for destroying that condition can be created than by injecting political control into the housing field—as is the condition in England, which you have so well described."

Notable Book on Thrift

"The New American Thrift" is the title of the January issue of the *Annals* of the American Academy of Political and Social Science, Philadelphia.

The work, of which Dr. Roy G. Blakey was editor in charge, contains a notable collection of essays by thirty-eight contributors, each dealing with a phase of the general topic with which he is especially familiar, many of them being recognized authorities.

We would like to quote Dr. Blakey's introduction at length. Starting with the fundamental truth that "In our careless thought and speech much passes for thrift that is not thrift," he refers to such habits that we allow all branches of our government to spend money recklessly, that we nominate and elect men who are not properly qualified for their work, that the great mass of working humanity and its captains of industry get at such cross-purposes that productive efficiency is reduced, that we fritter away the time of public officials by making them petty servants to look after pensions, appointments, local movements and the like. He detects a tendency in popular thought which "implies foresight, an appreciation of relative values and consequently of things most worth while, as well as some conception of practical methods of attaining them."

A statistical study by Prof. Friday is followed by other valuable data on savings and savings institutions in many countries. Psychological phases are discussed by experts, and methods for instruction in elementary education are indicated, as for teaching through the courses in arithmetic, history and geography.

Space prevents even a list of the many articles and their contributors and we hesitate to criticise a work of such general excellence. However, we regret that space has been found therein for advocating such questionable projects for developing bureaucracy in this country as Federal "aid" for local schools, extension of the Federal Reclamation Service and Federal control of personal finance through the home loan bank and other such unsound plans—the first being advocated by a professional educator and the second by an engineer of the General Electric Company and the last by an employee of the Federal farm loan system.

Americanization

We are pleased to note that this much-abused term may yet stand for things of a breadth, depth and general prominence which have been sadly lacking.

There is a growing realization that better citizens are not produced by the mere beating of drums—more often tin pans.

Political or bureaucratic control of Americanization work is not viewed with a favor which was noticeable some months or even weeks ago. The popular sport of turning loose upon the public a well-financed propaganda from an entirely irresponsible bureaucrat, sustained by taxpayers, in the office of a practical politician at Washington, does not receive the same support as it did when a bill therefor was hastily adopted by the Senate without any evident advice as to what line of action was proposed or what was possible of attainment

even under the "Federal Aid" club which the bill included.

In contrast with all generalities, or the thought that we can both perform our duty and shirk the responsibility, we note the announcement of New York University of a course which will be compulsory for all non-native pupils to develop a knowledge of American democratic principles, institutions and methods of government.

It is also announced that a prominent industrial concern confers the title of "Industrians" upon each employee who has completed six months' continuous service, is eighteen years of age or over, an American citizen and can speak and understand the English language. Each "Industrian" is to receive a special recognition that will place him on separate lists of clock numbers and will be among those who may vote for representation in the Industrial Assembly of the plant.

British Savings Banks

We are advised of the following data on Trustee Savings Banks in Great Britain in advance of official publication, for the year ended November 20, 1918:—

Total banks: 221, and there were also 155 branch banks (mostly fully equipped local savings banks) and 41 local agencies—a total of 417 savings bank offices.

Depositors: 2,128,541. This compares with 2,046,996 in 1917; 1,917,944 in 1914; and 1,804,895 in 1909.

Deposits: £60,984,049. This is a substantial increase over 1917 with £52,350,107; in 1914, with £53,943,271, and in 1909, with £52,181,983.

Total resources: 1918, £97,633,508. In 1917, £84,633,301. In 1914, £72,217,955. And in 1909, £64,458,540. Average interest allowed to depositors, 2½ per cent.

No new bank has been established since March, 1914, but the Glasgow Savings Bank opened its seventeenth branch, the Aberdeen Bank its eighth, the Liverpool Savings Bank its seventh, and the Exeter Savings Bank converted one of its thirty-one local receiving offices into a branch bank.

Five amalgamations of savings banks were effected during the year.

Penny savings banks made much progress. Thus, the Perth Savings Bank, with this system of school savings in county and city schools having a total enrollment of 12,447 pupils, had deposits accounts with 7,720 or 62 per cent. There were 142,177 transactions in the year ending October 20, 1919.

Home Economics

The Home Service Department of the Peoples' Savings and Trust Company in Pittsburgh recently conducted a contest for letters on "One Way I Save." The company offered a first prize of one hundred dollars, twenty prizes of five dollars and fifty prizes of one dollar. Nine hundred replies were received and many of them have been printed by the bank in a forty-page booklet. The first prize was awarded to the following:

"I am the wife of a paid day worker. I found money in my pocketbook soon went. I decided to put it in the bank and keep out a fund each week for running expenses. I paid all bills by check. I bought where I found the best goods for the least money. I gave my family good meals and a little amusement. I made and remade all clothing. By careful outlay of my expense fund I was able to save two hundred dollars in 1918.

"Watching my money grow in the bank makes me a more contented wife and mother."

Plan for Building Loans

"The 'Holyoke National Way' of Solving the Housing Problem" is the title of an advertisement from which we quote:

"This bank will make a construction loan to any approved builder, for any family in Holyoke, South Hadley Falls, Chicopee, Chicopee Falls or Willimansett who have $1,000 on deposit in its savings department for the six months preceding the decision to build. The lot must not be less in size than 50x120 or 60x100 (this will give plenty of room for a garden), the house and land to cost not less than $5,000, with all necessary modern improvements.

"If a two-family house is desired, a deposit of $2,000, or thereabouts, must have been on deposit for the same period, and the house and land to cost not less than $8,000.

"The money on deposit with us is to be used to purchase the lot or start the house or both. The location must be subject to our approval, and all houses connected to sewers.

"All applicants must be American citizens, or at least have their first papers to become such.

"For this purpose we will use $500,000. After the house is completed and approved, we will make an effort to get you a savings bank loan for 50 per cent. of the actual cost of house and lot. The difference between the savings bank loan and the cost of the property, *less amount of your own money used,* we will carry for you at 6 per cent. interest, payments to be made weekly or monthly, as may be arranged.

"For example: While building, to buy lot and start house, $1,000 of your money; to complete house, $4,000 of our money; total cost of property, $5,000. When completed the loan will stand: Savings bank loan, 50 per cent. of cost, $2,500; your money to start house, $1,000; what you will owe us to be paid in weekly or monthly payments, $1,500; total, $5,000.

"It is not usual for a national bank to make loans of this kind (though permissible), but this bank was formed forty-eight years ago to be of benefit and convenience to the citizens and business interests of this vicinity, and in the present crisis we feel that we would not be doing our duty as a bank if we did not come forward in this time of extreme emergency, and we do not know of any better way to be of service and help to this community than to use the money (about 6 per cent. of our deposits) that was *saved here, belongs here, and should be invested here* for the benefit and happiness of those who saved it.

"The money which will be used for this purpose is *yours,* and held by us as your *Trustee,* to be invested wisely for your account, and we know of no better investment of those funds than in a home of your own, for the benefit and comfort of yourself and family.

"The *one-half million dollars* which we will loan, together with the 20 to 25 per cent. of your own

savings, and the 50 per cent. loan from the savings bank, should help the community to the extent of one and one-quarter million dollars."

George C. Gill, president of the Holyoke National Bank, which makes the offer, writes us under date of March 15:

"It seems to solve a difficult problem here, and if put into operation in the different cities, should solve it elsewhere. The trouble seems to come from the fact that savings which formerly went into savings banks, and distributed by the savings banks into real estate loans, are now, or a large part of it is, being deposited in savings departments of national banks and trust companies, and by them placed in commercial loans and industries of different kinds. In our offer, if any shrinkage in values comes, it is on the buyer, and if he does not want to sell he never feels it, and as he pays the bank off the risk is always growing smaller. We will have this in book form very soon."

Affecting Security Values

Events of the past month have attracted new attention to the limitations upon the market for investments, to the probability that governmental expenditures have reached or perhaps have exceeded their economic peak, and that the system upon which our war finance and war taxes was based was fundamentally wrong.

These discussions have been brought out by the proposals of the former Secretary of the Treasury, who insisted upon a reduction of Federal income while expenditures were still on a war basis by the various ill-digested plans for bonuses, loans or other grants to soldiers, even by the personal effort by a few million people to compile their income tax statements.

One party leader in Congress has announced that it is the opinion of the responsible officers of the Treasury Department that no large issue of bonds could be floated at this time at less than 6 per cent.; that such an issue would send former issues below eighty cents; and that the specie basis of our currency would be imperiled.

In view of the possible effects upon the billions of dollars now invested in government bonds, and the corresponding effect upon the taxable issues which sustain our industrial, commercial, transportation, housing and other important interests, savings bankers in every state should be prompt to detect and report any new movement which may be indefensible as to its underlying principles, although laudable in its purpose.

Tax Exempt Mortgages

As to the tax exemption for holders of real estate mortgages, as provided in the Calder-Laughlin bill, we quote the following pertinent remarks from a letter by Mr. Kingman Nott Robins of Rochester, dated March 11:

"It is the old argument, with no more merit than usual, for trying to pull ourselves up by our own boot-straps. The absurdity of it should be apparent to any man who compares the increased cost of paying seven or eight per cent. for borrowed money for building construction with the other factors in the increased cost of building. The fact is that building costs have so increased as to become uneconomic and naturally economic law is now operating to stop all building. A temporary subsidy in the form of tax-exempt loans will be a false stimulus which will only postpone the day of reckoning.

"If building were on an economic basis at the present time and sound from an investment standpoint, does anyone imagine there would not be a tremendous activity to supply the present needs? The difficulty is not that there is not sufficient mortgage money, but that the investment of money at any rate of interest in building at the present time will not yield returns. Am I wrong, or right?"

Elihu Root on Thrift

Elihu Root, in outlining the "course necessary for the economic and political welfare of America," calls attention to certain fundamental principles, of which thrift is the first. He said that the world is in a state of disturbed nerves, that the machinery of business has been dislocated, that old occupations seemed to be distasteful after years of excitement and that people are neglecting their own affairs to complain of the shortcomings of others.

"This is a prevailing state of mind," he continued. "It will run its course like other epidemics and some day the world will realize that the cure is for each man to go to work himself, attend chiefly to his own business and pull his own weight in the boat. Then the high cost of living will go down.

"Our duty is not to put the country back where it was without profiting by the lessons of these wonderful years; but it is to establish the effective control of the fundamental principles on which America's liberty, prosperity and power for good rests; and we must do this not by generalities but by specific acts.

"Thrift stands first on the list. An improvident and thriftless people who talk more than they work can never succeed. To prosper, a people—like a private individual—must earn more than it spends—must really earn by contributing to the wealth of mankind more than it consumes. It cannot live long by borrowing, nor can it live long by a system of taxation which absorbs the accumulation of the past and gradually dries up the source of supply."

Building Activity

The building contracts let in the months of January and February exceeded all previous records, being $452,000,000, as against the same months in 1919, $145,000,000; in 1918, $298,000,000; 1917, $186,000,000; 1916, $129,000,000; 1913, $132,000,000; 1911, $104,000,000; no other year having reached $100,000,000.

The point is this: Contracts are not let until financed. It therefore appears that any lack of new construction must be attributed to other causes—and when Eastman and other leading citizens of Rochester (N. Y.) recently gave up fully financed housing and other noncommercial projects amounting to over $6,000,000 because of labor and material conditions, one contractor made this pointed remark:

"Labor is trying to force itself into idleness."

Clearing House Section

Key to the Numerical System, New Edition

RAND-McNALLY & COMPANY, Chicago, Ill., publishers of the Key to the Numerical System, have advised us that a new edition will be ready about April 1. Please note the Key can be purchased from Rand-McNally & Company, or through the Clearing House Section, American Bankers Association, 5 Nassau Street, New York. The price of the Key is $1.50.

Who's Next?

The Rochester (Minn.) Clearing House Association was admitted to membership in this Section towards the end of last month and has already given evidence of being a live, up-to-date association. Its officers are as follows: Geo. N. Doty, president; R. C. Nowell, first vice-president; F. A. Hanenberger, second vice-president; W. W. Churchill, third vice-president; C. F. Dabelstein, treasurer; C. A. Chapman, secretary.

Every one of these men is alive to the needs of their community as well as the resultant benefits which their business will derive from such splendid cooperation. They have got together a set of rules and by-laws that would be a credit to a larger city, and as their secretary remarks in his letter, "We are even on our way toward the establishment of a 'bank rate' based upon the general money market throughout the country and as affecting the local market."

Service is their watchword and for an organization less than a year old, they have accomplished much. More power to them. We welcome them as a member of the Section and have every reason to believe that they will have a successful career.

Oklahoma Prospering

Oklahoma City is to be congratulated on the wonderful prosperity that it has enjoyed during the past year, according to information received from E. J. Litteer, manager of the Clearing House Association.

The deposits February 28, 1919, were $37,875,129.29; on February 29, 1920, they had increased to $63,898,039.50, a truly remarkable showing. The city's growth may be reflected from the progress of the state as a whole; the total value of farm productions amounted to $783,795,000.

There are about 200,000 farms in Oklahoma. The average production of wealth per farm is thus shown to be $3,918.00. This does not include meat consumed on farms, or wool, horses and mules produced. It is estimated that the average farm family in Oklahoma last year received from all sources a gross income of $3,600 besides vegetables and fruit, poultry and eggs, milk and butter, and meat for family consumption.

From Oklahoma soil and from beneath it there was a total production of wealth of $947,795,000, of which the produce of the farms and oil make up the major part.

Interest Rates

Supplementing our article in the March issue of the JOURNAL regarding the importance of the action taken at the meeting held in Chicago with reference to the prevailing custom among bankers competing for deposits, the following article by Governor Harding of the Federal Reserve Board is timely:

"If bankers through high rates of interest compete for funds with the investment market and attract large deposits to themselves, they are bound to utilize these deposits. High interest payments for deposits tend to promote unsound banking, for the reason that many a bank which has a large volume of deposit at high rates of interest will make a loan in order to keep the money in use that it would not think of touching if the deposit bore no interest. If all commercial banks should undertake to treat their deposits as funds available for long investments, and should accumulate deposits by paying high rates in competition with the investment market, they would naturally be called upon to purchase all kinds of investment securities which should more properly be taken by their depositors."

Clearing House Shows Community Cooperation

Clearing House banks of New Orleans recently agreed to loan the State Dock Board of Louisiana $500,000 without collateral until next meeting of the legislature, which convenes in May.

This somewhat unusual action was taken to prevent the City of New Orleans being put under quarantine against bubonic plague by the United States Public Health Service. There have been only several cases of plague and technically whilst the loan is not exactly legal, the banks without any quibbling voted the money and thus saved the city from the threat of the Public Health Service.

The spirit shown by the New Orleans bankers is commendable, yet somehow we have learned to expect such progressiveness from the southern metropolis where great strides have been made during the past few years and difficulties that appeared insurmountable have been successfully brushed aside, and New Orleans today stands as an example of what courage, determination and perseverance can accomplish.

The following is the statement of John E. Bouden, Jr., president of the Clearing House Association, outlining the conditions on which the loan was made:

"On motion, duly seconded, it was unanimously resolved that the New Orleans Clearing House Association answer the letter received from the special committee to consider the rat-proofing emergency, to the effect that the banks are disposed to grant the loan of $500,000 to the Board of Commissioners of the Port of New Orleans upon terms and under conditions to be

agreed upon between the president of the clearing house and the president of the Board of Commissioners of the Port of New Orleans.

"It was further resolved in granting this loan, the banks have been induced to do so by the assurance of the governor of the state of Louisiana, the governor-elect, the mayor of the city, and those representing the various commercial interests to work as a unit toward securing at the coming session of the legislature such law or laws as may be necessary, not only to repay this loan and provide for the further development of the port, but in addition, to fix the composition of the board in the future, that the members will be definitely appointed for fixed and overlapping terms of office, and that only business men of prominence in the commercial life of the city be eligible for such offices.

"The suggestion is further added that in order to provide for the efficient handling of the vast properties of the state, now under the administration of this board, the law should provide for the appointment of a manager and assistants, who can be properly compensated for such important work."

Lest We Forget

Daniel Webster defines the word Opportunity as "a fit or convenient time"—"a favorable occasion." This clear enunciation of a word with which we are all striving to be on better terms fits in very nicely with this brief article.

The time for initiative was never more favorable nor more necessary on the part of the American Bankers Association than now. We have a powerful organization and count our members by the thousand. This Section is a unit of this national association. We do not intend to miss any opportunity and we are ready to do our part by giving that service to members to which they are entitled, either individually or collectively through their local clearing house association. We are body and soul with the administration in pledging ourselves to increased efficiency and service.

It is our intention to fill our space in the JOURNAL every month with interesting, instructive and up-to-date reading matter. Your clearing house is an organization that breathes the atmosphere of your community. Keep that same cooperative and healthy spirit alive regarding your relations with the American Bankers Association. Your membership consists of more than merely paying your dues and attending conventions. Your confidence in our ability to deliver the goods is worth having. Give us the opportunity. This is your Association, instituted for your benefit, departmentized to better suit your every need. Surely there is one Section at least that interests you. Make us your clearing house for ideas. We are here to promote them. Tell us of your activities—we are here to give them publicity so that others may receive and learn through our combined efforts. The right kind of cooperation is always beneficial.

For our part we mean to make this a live Section, a Section at all times ready to support the administration along the lines of safe, sound and conservative banking policies, giving encouragement where necessary to its whole membership.

Is your clearing house a member of this Section? If not, why not? Is there a regularly organized clearing house in your community? If not send us the names of several of your live bankers and leave the rest to us.

We are gradually getting toward the 100 per cent. mark, but there are still many cities and towns that *are* going to be members. Our records show many of the smaller cities have realized the fact that clearing houses are more than merely a place to exchange checks, and have organized, joined the Section and are now reaping the benefits of harmony among themselves, increased confidence in each other, more efficient and economical methods which make larger profits.

It is not our desire to feed you with propaganda that is too often thrown aside and forgotten, but to give as well as receive practical suggestions for practical work.

Are you with us?

Plenty of Money

The action of the Federal reserve bank in raising the discount rate is reflected in a more careful scrutiny by bankers of applications for loans to determine the purposes for which they are to be used. Bankers generally report that plenty of money is available for legitimate uses but none to be had for speculative purposes. Bankers feel that with the expansion of present business and the advent of new industries which are sure to come, they can employ their money more profitably than in speculation.

There has been very little activity in the acceptance market since the raise in discount rates the latter part of January. Before this time high money rates and the tightening of credit greatly curtailed the movement of acceptances, which were just beginning to regain their equilibrium after the December increase in discount rates. The supply and variety of bills in the open market is good, but in spite of this the market has remained dull, due to the lack of available funds for any form of investment. An encouraging feature since the first of the year has been the number of new purchasers, who have found the higher return on acceptance investments an incentive to enter the market, but still the demand remains small, due to the liquidation of credits, and is insufficient to bring about the desired balance in the market.

Previously low money rates were indicative of an increased demand, but in spite of the comparatively low money rates of the past week there has been no change in the general condition of the market. Dealers are purchasing as few bills as possible, and are quite reticent in bidding on future deliveries, due to lack of credit accommodations and the fear that the open market rates may again increase in order to stimulate an essential demand. The open market rates for prime bills are as follows: Ninety days, 5¾ to 5½; sixty days, 5⅝ to 5⅜; thirty days, 5½ to 5¼.—*Monthly Business Review, Cleveland Federal Reserve Bank.*

National Bank Section

Certificate Immune to Inspection

A BANK recently requested the Washington office of the National Bank Section to obtain a copy of a certificate to the ownership of bonds, which certificate had been forwarded to the Commissioner of Internal Revenue in the Treasury Department. An application to the Internal Revenue Bureau for permission to see the specified certificate and make a copy thereof was denied. Quoting from reply to our correspondent:

"A call was made upon the Internal Revenue Bureau. The matter was taken up by the assistant to the Commissioner, who, after hearing the request, advised that the laws and the regulations relating to the Internal Revenue Bureau would not permit the divulging of the contents of a return except upon the request of the person making it. He said it had not been done in any instance, though numerous similar requests have been made.

"Realizing that nothing could be gained there a call was made upon the Solicitor of the Internal Revenue Bureau to learn whether or not some other mode of procedure could be found. Here again the same obstacle was encountered. Section 3167 of the Revised Statutes provides that a certificate similar to the one of which you speak is in the nature of an income tax return and must be held confidential except as regulations issued by the President permit its inspection. The President has made regulations and they are contained in Treasury Decision No. 2962, which provides that inspection shall not be made except by the person whose return is sought to be reviewed, or his or her lawfully constituted attorney. A rather lengthy legal opinion on a case identical with this was prepared a few days ago and denied to the inquirer at that time the information and records he sought.

"In the face of all this there seems to be nothing to do but advise that the person who signed the certificate of which you speak will have to request the Internal Revenue Bureau for a copy. A photographic copy doubtless would serve your purpose best. The most simple way would seem to be to direct a request to the Internal Revenue Bureau, but should you wish or prefer to constitute somebody in this office (perhaps the writer) your lawful agent for this purpose, an instrument reciting that fact and mailed to this office will be taken to the Bureau immediately and the copy secured will be sent to you without delay."

National Bank Notes

Chances of successful pay-check forgeries in the United States navy were reduced to a minimum when the department ordered that the indorser of every such check must place the impression of the four fingers of his right hand on the back thereof before it will be cashed. As a record of the finger-prints of every man in the service is kept, it will be practically impossible under the order for a forger to escape identification.

From figures supplied by the Comptroller of the Currency it is learned that during February his office received fifty-eight applications for charters for national banks; thirty-four charters were granted and two applications were refused; fifty national banks increased their capital stock in the sum of $5,900,000, and there were no reductions of capital; the net amount of capital increase was $7,190,000; two consolidations of national banks occurred; eight national banks, exclusive of those consolidating with other national banks, went into voluntary liquidation.

The recent inclusion of six state chartered institutions in the Second Federal Reserve District into the Federal reserve system makes the number of such members in that district 132, comprising 34 per cent. of the eligible state banks in number and 75 per cent. in resources.

A writer on the subject of "Checks as Receipts" claims there are no disadvantages in the system; writing limitations or stipulations on checks generally is a waste of time; a settled principle of law is that the "debtor must seek the creditor"; the customer of a bank is not required to accept a charge made against his account unless the paid check is returned as evidence; keep your checks as receipts for bills paid.

Federal Reserve and National Banks

In the sixth annual report of the Federal Reserve Board, under the heading "Law Division," occur the following passages with special reference to national banks:

Trust Powers of National Banks

Under the terms of section 11 (*k*) of the Federal Reserve Act the Board is authorized to permit national banks to exercise trust powers when not in contravention of state or local law. During the past year 509 national banks have been granted trust permits under the terms of this section (372 of these were original applications and the remaining 137 were supplementary). The application of each of these banks has been examined by the Law Division. As a result of the amendment of September 26, 1918, making certain State laws applicable to the exercise of trust powers by national banks, many intricate questions of laws and policy have arisen in connection with the approval of applications submitted to the Board under the terms of section 11 (*k*). These questions are referred to the Law Division for its report before final action is taken by the Board. A new set of regulations governing the exercise of trust powers by national banks necessitated by the amendment to section 11 (*k*) above referred to, has been prepared and issued by the Board.

Clayton Antitrust Act.—Since the issue of its last report, the Board has received and considered 281 applications presented to it under the so-called Kern amendment to section 8 of the Clayton Antitrust Act, relating to interlocking bank directorates. These applications have in each case been investigated and reported upon by the Law Division. In addition to those applications which are received by the Board the Law Division has also investigated many cases of alleged violations of the law to which its attention has been called by reports of national bank examiners. In such cases the directors involved have been requested either to resign from the banks coming within the inhibitions of the Clayton Act or to file a formal application with the Board for its consent to continue to serve on the banks concerned under the provisions of the Kern amendment.

Opinions and rulings.—The Law Division is required constantly to pass upon questions and to prepare memoranda involving the interpretation of the Federal Reserve Act, the National Bank Act, the Negotiable Instruments Law, and the laws of the several States relating to the operations of national banks and state banks or trust companies which have become members of the Federal reserve system and also to draft rulings defining the proper application of the law or the regulations of the Board to specific cases arising in the administration of the Federal reserve banks or in the operations of their member banks. Such of these opinions or rulings as are of general interest to member banks are published each month in the BULLETIN. The Law Division has recently undertaken the preparation of a codification of all the opinions and rulings of the Board which are now in force. It is believed that this codification, when complete, will be of great assistance in the administration of the reserve banks and their members.

FIDUCIARY POWERS

Applications for permission to exercise fiduciary powers under the Federal Reserve Act as amended September 26, 1918, continue to be received and passed upon by the Board. It is the practice of the Board in each instance, before granting permission for the exercise of fiduciary powers, to satisfy itself that the bank making application is in good condition and standing and its management safe and capable.

During the year 372 original and 137 supplemental applications have been approved. The total number of banks now holding permits is 1,070.

BRANCHES OF NATIONAL BANKS

The Board has on several occasions recommended to Congress that the Federal Reserve Act be amended so as to permit national banks under certain conditions to establish branches within the corporate limits of the cities in which they are located. Under the present law national banks can not afford the same facilities to the public as are given by state banks having branches, except in cases where state banks and trust companies operating branches have merged with national banks, when existing branches may be continued by the national banks. The Senate has passed a bill authorizing national banks located in cities of not less than 500,000 inhabitants and having a capital and surplus of $1,000,000 or more to establish branches not exceeding 10 in number within the corporate limits of the cities in which they are located, provided the laws of the state extend a similar privilege to banking institutions operating under state charters. While the Board would prefer to have this privilege extended to national banks in cities of not less than 100,000 inhabitants, or, failing that, have the population limit raised to 200,000, it wishes to point out that the limit fixed in the Senate bill does not affect the principle involved, and it therefore respectfully recommends once more that national banks be permitted to establish branches in the cities in which they are located under such limitations as in the wisdom of Congress may be deemed desirable.

Calls from the Comptroller

The calls from the Comptroller of the Currency upon national banks for reports of condition are made on nearly the same dates every year. National bankers can forecast the calls for 1920 with reasonable accuracy after consulting the record for the last six months in 1917, and throughout 1918 and 1919, as follows:

1917—June 20, September 11, November 20, December 31.

1918—March 4, May 10, June 29, August 31, November 1, December 31.

1919—March 4, May 12, June 30, September 12, November 17, December 31.

The first call in the present year was as of February 28. If precedent is observed the next call will occur early in May.

The Treasury and Stolen Bonds

Recently a western correspondent addressed a letter to the Washington office of the National Bank Section, asking if information could be obtained from the United States Treasury concerning certain Liberty bonds which had been stolen. The question was submitted to the department and a reply has been just now received from the division of loans and currency, from which the following quotation is made:

"A memorandum of the theft has been entered and in case of presentation of the bonds the department will endeavor to inform you of the name and address of the person, firm or bank presenting them. Inasmuch as bearer obligations pass from one owner to another by act of delivery, the bonds cannot be held for you if presented, and no stoppage or caveats can be filed against them. The Secretary of the Treasury has no authority under the law to grant relief on account of United States coupon bonds which may have been lost or stolen. Under the provisions of Sections 3702-3705 of the Revised Statutes, relief can be given as to coupon bonds only when destroyed or defaced, and proper proof thereof made and indemnity given"

State Secretaries Section

Central States Conference

M. A. GRAETTINGER of Chicago, Secretary of the Illinois Bankers Association, was elected president and Eugene P. Gum of Oklahoma City, secretary of the Oklahoma Bankers Association, was elected vice-president, of the Central States Conference of Presidents, Vice-Presidents and Secretaries of the Central States Bankers Association held in Chicago March 9 and 10.

C. R. McKay, Deputy Governor of the Federal Reserve Bank of Chicago, made a talk the second day on "Check Collection System of the Federal Reserve Banks." R. S. Hawes of St. Louis, President of the American Bankers Association, was also a speaker. M. J. Dowling of Olivia, president of the Minnesota Bankers Association, spoke on "The Par Exchange of Checks."

One of the interesting topics discussed was "Should the Banker Take a More Active Part in the Political Affairs of His City, County and State?" The opinion of the conference, although informal, was that it was the duty of bankers as citizens to participate in the selection of the proper people to public positions, and that the banker, as one of the leaders of opinion in a community, should interest himself openly in improved governmental methods.

Resolutions were adopted by the conference reaffirming the allegiance and approval of the twelve states represented to the program of activities of the American Bankers Association; approval of the report recently issued by that organization on "Four Months of Activities of the American Bankers Association," and pledging the secretaries' support to President Hawes in his progressive administration.

The conference by resolution also declared itself in favor of salaries for bank clerks in keeping with the demands of the high cost of living and recommended to banks that such conditions be gone into carefully.

Those present at the conference were M. A. Graettinger, Chicago, secretary, Illinois Bankers Association; C. L. Zigler, South Bend, vice-president, Andrew Smith, Indianapolis, secretary, Indiana Bankers Association; J. H. McCord, Spencer, president, W. F. Moore, Guthrie Center, vice-president, Frank Warner, Des Moines, secretary, Iowa Bankers Association; H. W. Grass, La Crosse, vice-president, W. W. Bowman, Topeka, secretary, Kansas Bankers Association; M. J. Dowling, Olivia, president, O. M. Nelson, St. Paul, vice-president, G. H. Richards, Minneapolis, secretary, Minnesota Bankers Association; R. F. McNally, St. Louis, vice-president, W. F. Keyser, Sedalia, secretary, J. G. Hugh, Macon, treasurer, Missouri Bankers Association; H. K. Frantz, Eagle, president, C. P. Nelson, Long Pine, chairman Executive Committee, W. B. Hughes, Omaha, secretary, Nebraska Bankers Association; J. J. Early, Valley City, president, W. C. McFadden, Fargo, secretary, North Dakota Bankers Association; F. S. Stever, Defiance, president, S. J. Brister, Dover, vice-president, S. A. Roach, Columbus, secretary, Ohio Bankers Association; P. C. Dings, Ardmore, Eugene P. Gum, Oklahoma City, secretary, Oklahoma Bankers Association; Harry Wentzy, Rapid City, president, L. J. Welch, Mitchell, secretary, South Dakota Bankers Association; W. E. Sprecher, Independence, president, J. J. Jamieson, Shulsburg, vice-president, G. D. Bartlett, Milwaukee, secretary, Wisconsin Bankers Association.

Virginia Convention

Owing to the fact that the Hotel Chamberlin has been destroyed by fire, the Virginia Bankers Association will not hold its convention at Old Point Comfort as announced. The meeting will be held at the Homestead, Hot Springs, Va., June 17, 18 and 19.

Convention Calendar

Date	Association	Place
April 22-23	Louisiana	Alexandria
April 23-24	Florida	Pensacola
April 27-30	Executive Council, A.B.A.	Pinehurst, N.C.
May 5-6	Arkansas	Little Rock
May 11-12	Tennessee	Memphis
May 13-14-15	Alabama	Mobile
May 13-14	Oklahoma	Oklahoma City
May 18-19	Missouri	Kansas City
May 19-20	Maryland	Atlantic City, N. J.
May 20-21	Kansas	Wichita
May 24-25-26	Reserve City Bankers	Cleveland, Ohio
May 25-26	Mississippi	Gulfport
May (first week)	Texas,	Galveston, followed by boat trip to Havana, Cuba.
June	Massachusetts	New London, Conn.
June 4-5	Idaho	Moscow
June 9-10-11	Georgia	Athens
June 10-11-12	California	Tahoe Tavern
June 11-12	Nevada	Lake Tahoe, Cal.
June 11-12	Washington	Seattle
June 15-16	Nebraska	Omaha
June 15-16	Oregon	Eugene
June 15-16-17	American Institute of Banking	Boston
June 16-17	Wisconsin	North Lake, Waukesha County.
June 17-18	Pennsylvania	Bedford Springs
June 17-18-19	New York	North Asbury Park
June 17-18-19	Virginia	Hot Springs
June 18-19	New England	Eastern Point, New London, Conn.
June 22-23	Illinois	Galesburg
June 22-23-24	S. Carolina	Greenville
June 23-24	S. Dakota	Watertown
June 29-30	Iowa	Des Moines
July 7-8	Minnesota	Duluth
July 8-9	N. Dakota	Valley City
July 15-16	Ohio	Cedar Point
August 6-7	Montana	Lewistown
September 2	Delaware	
October 11-14	Investment Bankers	Boston
October 18-22	A.B.A.	Washington, D.C.

A New Member

The Bankers Association of the District of Columbia announces the election of Harry V. Haynes as secretary to succeed Mr. Eugene E. Thompson, resigned. Secretary Haynes' address is c/o Farmers & Mechanics Bank, Washington, D. C.

State Bank Section

Form of Report for State-Chartered Banking Institutions

Report of the condition of the ....
of .... *in the State of* .... *at the close of business on the* .... *day of* ...., *19*..........

SCHEDULES.

	Dollars.	Cts.	Schedule A.
a			Secured by farm lands.
b			Secured by other real estate (including mortgages owned).
c			Secured by collateral other than real estate.
d			All other loans.
			Total loans and discounts.

This total should agree with item 1 of Assets.

	Dollars.	Cts.	Schedule B.
a			U. S. Government securities (Note 1).
b			State, county, and municipal bonds.
c			Railroad bonds.
d			Bonds of other public service corporations (including street and interurban railway bonds).
e			Other bonds, stocks, warrants, etc.
			Total investments.

This total should agree with item 3 of Assets.

	Dollars.	Cts.	Schedule C.
a			Gold coin.
b			Gold certificates.
c			Silver coin.
d			Silver certificates.
e			Legal-tender notes.
f			National bank notes.
g			Federal Reserve notes.
h			Nickels and cents.
i			Cash not classified.
			Total cash on hand.

This total should agree with item 9 of Assets.

	Dollars.	Cts.	Schedule D.
a			Individual deposits subject to check without notice.
b			Demand certificates of deposit.
c			Postal savings deposits.
d			Savings deposits, or deposits in interest or savings department.
e			Time certificates of deposit.
f			Deposits not classified.
			Total deposits.

This total should agree with item 7 of Liabilities.

ASSETS.	Dollars.	Cts.
1. Loans and discounts.......... (Schedule A)		
2. Overdrafts		
3. Investments (Note 1)..........(Schedule B) (Including premiums on bonds.)		
4. Banking house (including furniture and fixtures)		
5. Other real estate owned		
6. Due from banks		
7. Checks and other cash items		
8. Exchanges for clearing house		
9. Cash on hand..........(Schedule C)		
10. Other resources		
Total resources		

LIABILITIES.	Dollars.	Cts.
1. Capital stock paid in		
2. Surplus		
3. Undivided profits (less expenses and taxes paid)		
4. Due to banks		
5. Certified checks and cashier's checks outstanding.		
6. Dividends unpaid		
7. Deposits..........(Schedule D)		
8. U. S. deposits		
9. Notes and bills rediscounted with Federal Reserve Bank		
10. Notes and bills rediscounted with other banks		
11. Bills payable (including certificates of deposit representing money borrowed)		
12. Other liabilities		
Total liabilities		

Dividends paid on capital stock during the year ended this date.	Dollars.	Cts.
Total amount of dividends		

Annual rate, per cent of dividends..........

RATE OF INTEREST PAID ON DEPOSITS.

1. On savings deposits .... per cent
2. On other individual deposits .... per cent

DEPOSITORS (Note 2).

1. Number of savings depositors ....
2. Number of all other depositors (not banks) ....

Total depositors ....

I, ... *(president or cashier) of the above-named bank do hereby certify that the above statement is true to the best of my knowledge and belief.*

....
President or Cashier.

☞ To indicate the character of your bank please put check mark (√) opposite the proper name in list below:

State bank.
Mutual savings bank.
Stock savings bank.
Private bank.
Loan and trust company.

Note 1—Includes Liberty Loan Bonds, Victory Notes, Certificates of Indebtedness, and all other issues of Government Securities.
Note 2—It is particularly desired that mutual and stock savings banks furnish this information.

N. B.—Schedules placed on left for convenience in compiling by mechanical devices. This form is printed in copying ink.

State Banking Statistics

THE State Bank Section of the American Bankers Association appreciates the general commendation of its efforts to obtain and publish statistics pertaining to state-chartered banking institutions similar to statistics issued by the Comptroller of the Currency in regard to national banks. In such efforts the State Bank Section is receiving the cordial cooperation of state superintendents of banking, and the fact is recognized that any plan of obtaining and publishing statistics must depend primarily upon the heads of state banking departments.

The fact is realized, however, that in some states the banking departments are not equipped with a sufficient number of employees to compile statistics in as much detail as might be desired. On the previous page of the JOURNAL is a simple form of statement that embodies the kind and amount of information that the public would like to have. It may not be practicable, however, for all bank superintendents to use such a form of report, although many of them are already using forms of much more elaborate character. It will be possible, however, to obtain from all state banking departments at least the number of existing state institutions and their total resources, and partly on the suggestion of the State Bank Section, but largely on their own initiative, state bank superintendents have already begun to supplement their statements regarding the institutions under their immediate charge with statements showing the number and condition of all the state-chartered banking institutions in the Union, including commercial state banks, trust companies and savings banks.

This plan will make each state banking department an avenue of publicity not only for its own affairs, but incidentally cover the nation. By adding to such statements the number and resources of national banks a complete statement of the banking power of the United States may periodically be made. There is no intention in such service to draw comparisons between state and national institutions, but rather to cooperate in showing the American public what American banks, both state and national, are doing for the public welfare.

New State-Chartered Banking Institutions

Following is a list according to reports obtainable of state-chartered banking institutions organized since January 1:

ALABAMA

Ashford, Ala.—Farmers & Merchants Bank. Capital, $30,000. President, W. W. Cook; cashier, R. M. Jacobs.

Daphne, Ala.—First State Bank. Capital, $10,000.

Hartselle, Ala.—Farmers & Merchants Bank. Capital, $50,000.

Loxley, Ala.—Loxley State Bank. Capital, $15,000. President, J. W. Randall.

Ramer, Ala.—Bank of Ramer. Capital, $25,000. President, A. D. Cowles; cashier, A. A. Mixon.

Slocomb, Ala.—Bank of Slocomb. Capital, $25,000.

Verbena, Ala.—Bank of Verbena. Capital, $15,000. President, H. B. Oliver; cashier, J. R. Hammet.

ARIZONA

Mesa, Ariz.—Mesa Savings Bank & Trust Company. Capital, $50,000.

Mesa, Ariz.—Salt River Valley Trust & Savings Bank. Capital, $50,000.

Safford, Ariz.—Arizona Trust & Savings Bank. Capital, $100,000.

ARKANSAS

Biscoe, Ark.—Bank of Biscoe. Capital, $10,000. President, B. F. Scroggin; cashier, J. K. Scroggin.

Keiser, Ark.—Bank of Keiser. Capital, $25,000. President, L. L. Harwell; cashier, L. E. Watson.

Keo, Ark.—Bank of Keo. Capital, $15,000. President, W. F. Coleman; cashier, C. E. Alexander.

Lockesburg, Ark.—Planters Bank. Capital, $25,000. President, Dr. A. J. Clingan; cashier, Fay Parker.

Round Pound, Ark.—Bank of Round Pound. Capital, $25,000. President, Charles Fleming; secretary-treasurer, W. H. Bynum.

CALIFORNIA

Inglewood, Calif.—Inglewood Savings Bank. Capital, $25,000.

Lemon Cove, Calif.—First Bank of Lemon Cove. Capital, $25,000.

Long Beach, Calif.—Western Savings Bank. Capital, $300,000.. President, J. W. Tucker; cashier, Lynn A. Parmley.

Santa Barbara, Calif.—Commercial Trust & Savings Bank. Capital, $757,500.

Whittier, Calif.—Community Bank. Capital, $250,000.

COLORADO

Broomfield, Colo.—Broomfield State Bank. Capital, $20,000. President, H. Casaday; cashier, Leo N. Roach.

Englewood, Colo.—Englewood State Bank. Capital, $25,000. President, C. W. Bigelow; cashier, F. C. Vertrees.

La Jara, Colo.—Conejos County State Bank. Capital, $25,000. President, C. C. Carlsen; cashier, M. J. Martin.

Lamar, Colo.—Valley State Bank. Capital, $25,000. President, F. H. Kelsey; cashier, Jay V. Sayler.

Longmont, Colo.—Colorado Bank & Trust Company. Capital, $50,000. President, V. H. Hamilton; cashier, H. A. Handy.

Manzanola, Colo.—Manzanola State Bank. Capital, $20,000. President, J. B. McCarley; cashier, W. R. Means.

Mt. Streeter, Colo.—Mt. Streeter State Bank. Capital, $10,000. President, Joseph S. Collom; cashier, James R. Strong.

Peetz, Colo.—Farmers State Bank of Peetz. Capital, $25,000. President, Frederick E. Hoover, Sr.; cashier, C. E. Wood.

Rye, Colo.—Bank of Rye. Capital, $15,000. President, R. B. Crozier; cashier, M. C. Knox.

San Luis, Colo.—San Luis State Bank. Capital, $15,000. President, W. S. Parrish; cashier, H. G. Wetherell.

Yuma, Colo.—Union State Bank of Yuma. Capital, $50,000. President, E. W. Stevens; cashier (acting), Harry Stephens.

CONNECTICUT

Hartford, Conn.—American Bank of China. Capital, $1,000,000.

Hartford, Conn.—Mutual Bank & Trust Company. Capital, $300,000. President, Arthur H. Cooley; secretary-treasurer, J. Wm. Neal.

Hartford, Conn.—Park Street Trust Company. President, Dominick F. Burns; treasurer, Fred C. Loeser.

District of Columbia

Washington, D. C.—New York Savings Bank. Capital, $100,000.

Florida

Avon Park, Fla.—First Trust & Savings Company. Capital, $50,000. President, S. P. Durrance; cashier, C. H. Moffatt.

Chiefland, Fla.—Bank of Chiefland. Capital, $16,000. President, O. N. Harper; cashier, C. J. Huber.

Sebring, Fla.—The Highlands Bank & Trust Company. Capital, $50,000. President, Geo. E. Sebring; secretary, Florence A. Meliza.

Georgia

Atlanta, Ga.—Citizens Trust Company. Capital, $500,000.

Covington, Ga.—Farmers Bank. President, E. E. Lunsford; vice-president, Henry T. Hudson.

Forsyth, Ga.—Citizens Bank. Capital, $80,000.

Illinois

Albion, Ill.—Farmers State Bank. Capital, $25,000. President, John Clipston; cashier, Robert Flotree.

Bloomfield, Ill.—Farmers Bank & Trust Company. Capital, $50,000. President, Gilbert H. Hendron; secretary-treasurer, Clyde O. Yoho.

Chicago, Ill.—Cook County State Bank. Capital, $100,000.

Chicago, Ill.—Lake State Bank. Capital, $300,000. President, W. M. Richards.

Farmersville, Ill.—Farmersville State Bank. Capital, $25,000. President, R. L. Hayes; cashier, William A. Baker.

Ina, Ill.—Ina State Bank. Capital, $15,000. President, Albert Watson; cashier, John T. Barr.

Jewitt, Ill.—State Bank of Jewitt. Capital, $15,000. President, J. B. Catmill; cashier, Virgil C. Armes.

Maeystown, Ill.—Maeystown State Bank. Capital, $15,000. President, Louis Traus, Jr.; cashier, Alfred Hoffman.

Mattoon, Ill. — State Trust & Savings Bank. Capital, $100,000.

McLean, Ill.—Farmers State Bank. Capital, $54,000. President, William Sage; cashier, Earl E. Ness.

Neponset, Ill.—Whaples & Farmers State Bank. Capital, $50,000.

Peoria, Ill.—Fondulac State Bank. Capital, $50,000. President, Warren Sutliff.

Seward, Ill.—Farmers Bank of Seward.

Washburn, Ill.—Washburn State Bank. Capital, $50,000. President, Charles Ireland; cashier, Adolph Woltzen.

Indiana

Ashley, Ind.—Ashley State Bank. Capital, $25,000.

Camden, Ind.—Camden State Bank. Capital, $25,000.

Coal City, Ind.—Farmers Exchange Bank. Capital, $10,000.

Elkhart, Ind.—Liberty Trust Company. Capital, $50,000. President, J. Wallick; treasurer, P. C. Kendall.

Lafayette, Ind.—Lafayette Joint Stock Land Bank. Capital, $850,000. President, Walter J. Ball; cashier, Wilbur R. McQueen.

Linton, Ind.—Peoples Trust Company. Capital, $40,000.

Mechanicsburg, Ind.—Bank of Mechanicsburg.

Rising Sun, Ind.—Rising Sun State Bank. Capital, $40,000.

Yeddo, Ind.—Yeddo Bank. Capital, $10,000. President, George F. Sines; cashier, Perry Glascock.

Iowa

Alpha, Ia.—State Bank. Capital, $25,000. President, M. V. Henderson, Jr.; cashier, Walter R. Meserie.

Auburn, Ia.—Auburn Savings Bank. Capital, $25,000. President, D. R. Wessling; cashier, A. P. Garnatz.

Oto, Ia.—State Bank of Oto. Capital, $25,000. President, H. C. Fedderson; cashier, Leo L. Mak.

Sioux City, Ia.—Commercial State Savings Bank. Capital, $100,000. President, Len Dessenich; cashier, Paul Miller.

Storm Lake, Ia.—Farmers State Bank. Capital, $65,000. President, W. L. Geisinger; cashier, W. W. Bennett.

Sulphur Springs, Ia.—Farmers State Savings Bank. Capital, $25,000. President, F. C. Bitter; cashier, W. R. Whitehead.

Kansas

Blackwolf, Kan.—Blackwolf State Bank. Capital, $11,000. President, A. W. Swayze; cashier, J. A. Somer.

Buffalo, Kan.—Citizens State Bank. Capital, $15,000.

Buffalo, Kan.—Farmers State Bank. Capital, $20,000.

Bushton, Kan.—Farmers State Bank. Capital, $20,000.

Girard, Kan.—State Bank of Shipman. Capital, $25,000.

Hillsboro, Kan.—Farmers State Bank. Capital, $25,000.

Hudson, Kan.—Farmers State Bank. Capital, $50,000.

Independence, Kan.—Security State Bank. Capital, $50,000.

Linwood, Kan.—Farmers State Bank. Capital, $15,000.

Manhattan, Kan.—Farmers & Stockmen's Bank. Capital, $50,000. President, F. G. Bergen; cashier, W. R. Yenawine.

Parsons. Kan.—The West Side Union State Bank. Capital, $50,000. President, L. E. Goodrich; cashier, H. K. Read.

Ransom, Kan.—Farmers State Bank. Capital, $25,000. President, Carl Newcomer; cashier, P. W. Simon.

Richfield, Kan.—First State Bank. Capital, $10,000.

St. Paul, Kan.—Farmers State Bank. Capital, $15,000. President, J. F. Janute; cashier, J. W. Burke.

Susank, Kan.—Farmers State Bank. Capital, $10,000.

Vilas, Kan.—Vilas State Bank. Capital, $10,000.

Kentucky

Chaplin, Ky.—Peoples State Bank. Capital, $15,000.

Knifley, Ky.—Farmers Bank. Capital, $15,000.

Lake Charles, Ky.—Joint Stock Land Bank.

Madisonville, Ky.—Citizens Bank & Trust Company. Capital, $50,000. President, J. T. Alexander; cashier, F. B. Arnold.

Salyerville, Ky.—Mageffin Commercial Bank. Capital, $15,000.

Louisiana

Addis, La.—Bank of Addis.

Converse, La.—Converse State Bank.

Kilbourne, La.—Bank of Kilbourne.

Sarepta, La.—Bank of Sarepta.

Sikes, La.—First State Bank.

Maryland

Cumberland, Md.—Liberty Trust Company. Capital, $1,000,000.

Cumberland, Md.—Peoples Bank. Capital, $50,000.

Easton, Md.—Liberty Bank.

Fowblesburg, Md.—Farmers & Merchants Bank. Capital, $25,000.

Massachusetts

Boston, Mass.—Hamilton Trust Company. Capital, $1,000,000. President, Charles L. Burrill.

Chatham, Mass.—The Chatham Trust Company. President, Frederic W. Eddy; treasurer, Stanley C. Robbins.

Springfield, Mass.—Atlas Trust Company. President, Edwin T. McKnight; treasurer, John S. McMillan.

West Springfield, Mass.—West Springfield Trust Company. Capital, $100,000.

Worcester, Mass.—Victory Trust Company. Capital, $200,000.

Michigan

Butternut, Mich.—Peoples State Bank.

St. Clare, Mich.—State Savings Bank.

Minnesota

Alexandria, Minn.—The Park Region State Bank. Capital, $50,000. President, E. E. Lobeck; cashier, F. C. Prochl.

Boy River, Minn.—First State Bank. Capital, $10,000. President, Charles N. Bourdon; cashier, Henry C. Bourdon.

Breckenridge, Minn.—Farmers & Merchants State Bank. Capital, $50,000. President, John H. Ehlert; cashier, James S. Jensen.

Brushvale, Minn.—Brushvale State Bank. President, John Holecek; cashier, F. J. Hamerlik.

Brownsdale, Minn.—Security State Bank. Capital, $15,000.

Little Falls, Minn.—Peoples State Bank. Capital, $25,000.

Long Siding, Minn.—Long Siding State Bank. Capital, $10,000.

Minneapolis, Minn.—Lincoln Trust & Savings Bank. Capital, $275,000. President, Ernest F. Smith.

Morris, Minn.—Stevens County State Bank. President, W. F. Cooley, Sr.; cashier, W. E. G. Saunders.

Pierz, Minn.—Pierz State Bank. Capital, $10,000. President, William J. Bellstein.

St. Paul, Minn.—Farmers State Bank. Capital, $15,000.

Mississippi

Aberdeen, Miss.—Commercial Bank & Trust Company. Capital, $100,000.

Arcola, Miss.—Bank of Arcola. Capital, $25,000.

Canton, Miss.—Madison County Bank. Capital, $125,000. President, W. B. Weimer; cashier, R. M. Riddick.

Clarksdale, Miss.—Commercial Bank. Capital, $100,000.

Heidelbert, Miss.—Citizens State Bank. Capital, $10,000.

Hollandale, Miss.—Planters Bank. Capital, $25,000.

Houston, Miss.—Houston State Bank. Capital, $25,000.

Louisville, Miss.—Louisville Home Bank. Capital, $20,000.

Nesbitt, Miss.—Bank of Nesbitt. Capital, $12,500.

Okolona, Miss.—Commercial Bank & Trust Company. Capital, $25,000.

Rosedale, Miss.—Bolivar County Bank. Capital, $150,000. President, W. P. Holland; cashier, LeRoy Jones.

Scooba, Miss.—Merchants & Farmers Bank. Capital, $10,000.

Missouri

Avondale, Mo.—Security Bank of Avondale.

Bernie, Mo.—Bernie State Bank.

Chadwick, Mo.—Farmers Bank of Chadwick.

Cross Timbers, Mo.—Farmers Bank of Cross Timbers.

Dixon, Mo.—State Bank of Dixon.

Kansas City, Mo.—Corn Exchange Bank of Kansas City. Capital, $110,000.

Kansas City, Mo.—Mutual Bank of Kansas City. Capital, $100,000.

Marceline, Mo.—Marceline Trust Company. Capital, $50,000.

Mosby, Mo.—Mosby State Bank.

Nelson, Mo.—Nelson State Bank.

Nevada, Mo.—Farmers Bank of Nevada.

New Madrid, Mo.—Commercial Trust Company of New Madrid.

Patterson, Mo.—Bank of Patterson. Capital, $10,000.

Pittsburg, Mo.—Farmers Bank of Pittsburg.

Slater, Mo.—Peoples Bank of Slater.

St. Charles, Mo.—Central Trust Company of St. Charles.

St. Louis, Mo.—Mound City Trust Company. President, N. S. Magruder; treasurer, H. C. Avis.

Weatherby, Mo.—Farmers Bank of Weatherby.

Wellsville, Mo.—Farmers State Bank of Wellsville. Capital, $15,000.

Wilcox, Mo.—Farmers State Bank.

Nebraska

Broken Bow, Nebr.—The First Trust Company.

Burwell, Nebr.—The First State Bank.

Havelock, Nebr.—Commercial State Bank.

Norfolk, Nebr.—The Security State Bank.

Seward, Nebr.—The First Trust Company.

South Sioux City, Nebr.—Nebraska State Bank.

Valparaiso, Nebr.—Nebraska State Bank.

New Jersey

Hasbrouck Heights, N. J.—Bank of Hasbrouck Heights. President, Frank S. Flagg; cashier, Allyn H. Whyte.

New Mexico

Cloudcroft, N. M.—First State Bank. Capital, $25,000. President, H. M. Vickery; cashier, H. V. Mueller.

Las Vegas, N. M.—Plaza Bank & Trust Company. Capital, $30,000. President, Cecilio Rosenwald; cashier, C. P. Trumbull.

Mora, N. M.—Mora Trust & Savings Bank. Capital, $25,000. President, Daniel Cassidy, Sr.; cashier, J. Andrew Myers.

New York

Akron, N. Y.—Bank of Akron.

Clyde, N. Y.—New Citizens Bank of Clyde. Capital, $50,000. President, Frank L. Waldorf; treasurer, George C. Watson.

Dunkirk, N. Y.—Dunkirk Trust Company. Capital, $250,000.

Hornell, N. Y.—Steuben Trust Company. Capital, $100,000.

Lackawanna, N. Y.—American Bank of Lackawanna. Capital,

$100,000. President, M. M. Nowak; cashier, George J. Yox.

New York, N.Y.—Export Banking Corporation. Capital, $2,000,000.

New York, N. Y.—Slavonic Immigrant Bank. Capital, $100,000.

New York, N. Y.—Union Liberty State Bank. Capital, $125,000. President, Roman L. Modra; cashier, John J. Bonk.

Romulus, N. Y.—Bank of Romulus. Capital, $25,000.

Shortsville, N. Y.—Shortsville State Bank. Capital, $30,000. President, Ward N. Preston; cashier, T. Frank Gilligan.

Springwater, N. Y.—Springwater State Bank.

Syracuse, N. Y.—East Syracuse Bank.

West New Brighton, N. Y.—West New Brighton Bank. Capital, $100,000.

North Carolina

Banner Elk, N. C.—Banner Elk Bank.

Belmont, N. C.—Peoples Exchange Bank.

Chadbourn, N. C.—Farmers Savings Bank.

Engelhard, N. C.—Farmers Savings Bank.

Mount Olive, N. C.—Farmers & Merchants Bank. Capital, $100,000.

Pinetops, N. C.—Planters Bank. Capital, $25,000. President, W. L. Dunn; cashier, Hanny Fagan.

Potecasi, N. C.—Bank of Potecasi. Capital, $10,000.

Richfield, N. C.—Peoples Bank & Trust Co.

Vanceboro, N. C.—Bank of Craven. Capital, $10,000.

North Dakota

Amenia, N. D.—Amenia State Bank. Capital, $15,000.

Brampton, N. D.—Farmers State Bank. Capital, $20,000. President, John Stone; cashier, F. S. Battey.

Conway, N. D.—Farmers Security Bank.

Gladstone, N. D.—Farmers State Bank. Capital, $15,000.

Joliette, N. D.—First State Bank. Capital, $15,000.

Jud, N. D.—Farmers & Merchants Equity Bank. Capital, $15,000. President, James E. Brady; cashier, Bert Wanaka.

Thompson, N. D. First State Bank. Capital, $25,000.

Ohio

Jackson, Ohio.—The Iron Bank. Capital, $25,000.

Ney, Ohio.—The New State Bank. Capital, $25,000.

Savannah, Ohio.—The Farmers Bank. Capital, $25,000.

Oklahoma

Achille, Okla.—Guaranty State Bank.

Asher, Okla.—Farmers State Bank. Capital, $15,000. President, F. V. Asher; cashier, B. B. Wyatt.

Clinton, Okla.—Clinton State Bank. Capital, $50,000. President, C. G. Welch; cashier, J. A. Carlberg.

Cordell, Okla.—Oklahoma State Bank. Capital, $15,000. President, I. L. Hull; cashier, J. A. Taylor.

Custer City, Okla.—Peoples State Bank. Capital, $30,000. President, F. G. Delaney; cashier, J. H. Hoberecht.

Lehigh, Okla.—First State Bank. Capital, $15,000. President, S. A. Maxwell; cashier, C. H. Smith.

Salt Springs, Okla.—Citizens State Bank.

Sawyer, Okla.—First State Bank. Capital, $10,000. President, J. D. Moore; cashier, O. M. Frederick.

Spiro, Okla.—Farmers State Bank.

Tecumseh, Okla.—Home State Bank. Capital, $25,000. President, F. S. Douglas; cashier, T. K. Davenport.

Walters, Okla.—Security State Bank. Capital, $30,000. President, E. M. Tankersley; cashier, J. T. Sawyer.

Pennsylvania

Bowmanstown, Pa.—Citizens Bank of Bowmanstown.

Brownsville, Pa.—Brownsville Trust Company. Capital, $50,000.

Eau Claire, Pa.—Eau Claire State Bank. President, C. B. McFarlin; cashier, Jesse D. White.

Morrisville, Pa. — Morrisville Trust Company. Capital, $125,000. President, George W. Balderson; treasurer, Edmund H. Lovett.

New Castle, Pa.—First State Bank of New Castle.

Philadelphia, Pa.—Northeastern State Bank.

Philadelphia, Pa.—Olney Bank & Trust Company.

Philadelphia, Pa. — Richmond Trust Company.

Philadelphia, Pa.—South Broad Street Trust Company.

Throop, Pa.—The Throop State Bank.

Uwchland, Pa.—Farmers Bank of Uwchland.

Wesleyville, Pa.—Bank of Wesleyville.

West Milton, Pa.—West Milton State Bank.

South Carolina

Carlisle, S. C.—Farmers & Merchants Bank. Capital, $25,000.

Centenary, S. C.—Bank of Centenary. Capital, $25,000. President, S. W. Norwood; cashier, F. G. White.

Charleston, S. C.—Peoples Federation Bank. Capital, $25,000.

Clinton, S. C.—Clinton State Bank. Capital, $50,000.

Conway, S. C.—Burroughs Bank & Trust Company. Capital, $50,000.

Coronaca, S. C.—Bank of Coronaca. Capital, $25,000. President, E. W. Gregory; cashier, T. S. Bloke.

Hemingway, S. C. — Fidelity Land & Trust Company. Capital, $400,000.

Lake View, S. C.—Union Bank & Trust Company. Capital, $25,000.

Locke, S. C.—Bank of Ashton. Capital, $6,750. President, E. P. Carter; cashier, L. E. Parler.

Marion, S. C.—Peoples Bank & Trust Company. Capital, $30,000.

Smoaks, S. C.—Enterprise Bank. Capital, $25,000..

Union, S. C.—Farmers Bank & Trust Company. Capital, $100,000.

South Dakota

Arthur, S. D.—Farmers State Bank. Capital, $15,000.

Ellis, S. D.—State Bank of Ellis. Capital, $15,000. President, W. F. Alquire; cashier, J. W. Davis.

Kukuk, S. D.—Citizens State Bank. Capital, $15,000. President, F. Schambers; cashiers, R R. Hartung.

Mahato, S. D.—First State Bank. Capital, $15,000. President, Charles H. Hartung; cashier, H. B. Hartung.

Sherman, S. D.—Security Bank. Capital, $15,000.

St. Mary's, S. D.—Security State Bank. Capital, $15,000. President,

H. M. Hanson; cashier, A. B. Gehring.

Vilas, S. D.—Vilas State Bank. Capital, $15,000.

Wood, S. D.—Farmers & Merchants Bank. Capital, $20,000. President, W. H. Rahn; cashier, Merill Kaufman.

Yankton, S. D.—Farmers & Merchants Bank. President, Thomas J. Frick; cashier, Fred B. Ray.

Pukwana, S. D.—Guaranty State Bank.

Centerville, S. D.—Farmers Security State Bank. President, C. J. Johnson; cashier, P. J. Hegness.

TENNESSEE

Bradyville, Tenn.—Peoples Bank.

Chuckey, Tenn.—Chuckey Banking Company.

Johnson City, Tenn.—City Savings & Trust Company. Capital, $15,000. President, H. C. Black; cashier, W. B. Miller.

Johnson City, Tenn.—Peoples Bank. Capital, $35,000.

Maury City, Tenn.—Maury City Bank. Capital, $50,000. President, J. W. Elmore; cashier, C. H. Hutter.

Mascot, Tenn.—Mascot Bank & Trust Company. Capital, $25,000.

Morristown, Tenn.—Citizens Bank & Trust Company. Capital, $25,000. President, J. W. Williams; cashier, C. B. Cabbage.

Strawberry Plains, Tenn.—Bank of Strawberry Plains. Capital, $10,000.

TEXAS

Abilene, Tex.—Guaranty State Bank. Capital, $100,000. President, R. A. Hodges; cashier, Sam Swann.

Anderson, Tex.—Guaranty State Bank. Capital, $25,000. President, A. P. Wickey; cashier, J. J. Jopeling.

Covington, Tex.—First Guaranty State Bank. Capital, $20,000. President, M. T. Davis; cashier, R. C. Smith.

Dalhart, Tex.—Citizens State Bank. Capital, $50,000. President, L. S. McGrary; cashier, L. B. Steel.

Dallas, Tex.—Citizens State Bank. Capital, $100,000. President, J. C. Fountain; cashier, J. W. Powers.

Dallas, Tex.—Commercial State Bank. Capital, $1,000,000. President, E. L. Etier; cashier, B. L. Ward.

Dallas, Tex.—Guaranty Bank & Trust Company. Capital, $100,000. President, George S. McGee; cashier, Asher Mintz.

Dallas, Tex.—Security State Bank. Capital, $100,000. President, A. J. Leece; cashier, W. P. Bomar.

Fort Worth, Tex.—American Securities Company. Capital, $100,000.

Fort Worth, Tex.—Security State Bank. Capital, $100,000. President, A. J. Neece.

Graham, Tex.—Guaranty State Bank. Capital, $25,000. President, Arthur Maudling; cashier, L. B. Wiggins.

Lakey, Tex.—Real County State Bank. Capital, $20,000. President, Ray E. Davenport; cashier, E. J. Davenport.

Marlin, Tex. — Citizens State Bank. Capital, $100,000. President, J. C. Fountain; cashier, J. W. Powers.

Mineral Wells, Tex.—Security State Bank. Capital, $250,000. President, E. S. Wolfe; cashier; P. H. Braselton.

Pharr, Tex.—First State Bank. Capital, $25,000. President, Hood Hill; cashier, Lee Walsh.

Thornton, Tex.—Guaranty State Bank. Capital, $40,000. President, T. M. Wilson; cashier, J. M. Wayland.

White Deer, Tex.—Guaranty State Bank. Capital, $10,000. President, E. H. Grimes; cashier, W. H. Lyle.

Whitesboro, Tex. — Guaranty State Bank. Capital, $25,000. President, F. G. Jamison; cashier, A. E. Jamison.

Wichita Falls, Tex.—State Trust Company. Capital, $150,000. President, R. E. Rugg; treasurer, William E. Euff.

UTAH

Fillmore, Utah.—Commercial & Savings Bank. Capital, $60,000. President, W. W. Armstrong.

Loa, Utah—State Bank of Wayne.

St. George, Utah.—Dixie Stock Growers Bank.

VIRGINIA

Cumberland, Va.—Citizens State Bank. Capital, $25,000. President, C. M. Smith; cashier, R. O. Garrett.

Ewing, Va.—Peoples Bank of Ewing. Capital, $10,000.

Hague, Va.—Farmers Bank of Hague. Capital, $10,000.

Hanover, Va.—The Tri County Bank. Capital, $15,000.

Honaker, Va.—Farmers' & Miners' Bank. Capital, $25,000.

Keysville, Va.—Planters Bank of Keysville. Capital, $10,000.

Lively, Va.—Chesapeake Banking Company. Capital, $10,000.

McGaheysville, Va.—Stonewall Bank. Capital, $12,000.

Richmond, Va. — Commercial Bank & Trust Company. Capital, $250,000. President, T. C. Erwin.

Roanoke, Va.—Guaranty Trust & Savings Bank. Capital, $1,000,000.

Saltville, Va.—Saltville State Bank. Capital, $25,000. President, Robert T. Craig.

Stuart, Va.—Citizens Bank of Stuart. Capital, $10,000.

Whitestone, Va.—Farmers & Merchants Bank. Capital, $10,000.

Whitestone, Va.—Peoples Bank of Whitestone. Capital, $10,000. President, R. R. Dunaway.

WASHINGTON

Dryden, Wash.—State Bank. Capital, $25,000. President, R. B. Field; cashier, R. F. Taylor.

Leavenworth, Wash.—Citizens State Bank. Capital, $25,000. President, E. E. Flood; cashier, C. A. Campbell.

Olympia, Wash.—The Security Bank & Trust Company. Capital, $50,000. President, Millard Lemon; cashier, Walter W. Kroger.

Plaza, Wash.—The Bank of Plaza. Capital, $15,000.

Rockford, Wash.—Rockford State Bank. Capital, $25,000. President, E. T. Coman.

Wapato, Wash.—Union State Bank. Capital, $50,000.

Zillah, Wash.—Zillah State Bank. Capital, $25,000. President, Charles E. Durr; cashier, V. M. Pike.

WEST VIRGINIA

Charleston, W. Va.—Merchants & Miners Bank. President, Bernard O. Swope.

Elm Grove, W. Va.—First Saving & Trust Company. Capital, $100,000.

Elm Grove, W. Va.—State Bank

& Trust Company. Capital, $100,-000.

Martinsburg, W. Va.—Berkley Savings Bank. Capital, $100,000.

WISCONSIN

Astico, Wis.—Bank of Astico. Capital, $20,000. President, Wm. Pringle; cashier, J. O. Wallestad.

Chippewa Falls, Wis.—State Bank. Capital, $125,000.

Clintonville, Wis.—Dairyman's State Bank. Capital, $35,000. President, Chas. Bohn; cashier, Max Stieg.

Colby, Wis.—Security State Bank. Capital, $30,000.

Coloma, Wis.—Coloma State Bank. Capital, $10,000. President, H. F. Bartz; cashier, H. L. Rehkamp.

Eau Claire, Wis.—State Bank of Eau Claire, Capital, $125,000. President, W. C. Tufts; cashier, W. J. Mahoney.

Janesville, Wis.—Bank of Southern Wisconsin. Capital, $100,000. President, Merton R. Fish; cashier, John W. Dady.

Kenosha, Wis.—Kenosha State Bank. Capital, $50,000. President, A. M. Neergaard; cashier, E. J. Geittmann.

Lynxville, Wis.—Lynxville State Bank. Capital, $10,000.

Milwaukee, Wis.—First City Bank. Capital, $300,000.

Milwaukee, Wis.—Vliet Street State Bank. Capital, $100,000.

Phlox, Wis.—Farmers State Bank. Capital, $10,000.

Sheldon, Wis.—Farmers Bank. Capital, $10,000.

West Bend, Wis.—Citizens Bank. Capital, $20,000. President, H. V. Schwalbach; cashier, F. S. Clausen.

WYOMING

Arvada, Wyo.—Arvada State Bank. Capital, $25,000.

Buffalo, Wyo.—Johnson County Bank. Capital, $50,000. President, P. G. Watt; cashier, Ralph R. Read.

Gillette, Wyo.—Citizens State Bank. Capital, $25,000.

Jay Em, Wyo.—Farmers State Bank. Capital, $10,000. President, John W. Newell; cashier, Lake C. Harris.

Par Collections

I. J. McGinity, cashier of the Citizens State Bank of Lebanon, S. D., in a letter to the state bankers, says:

"The F. R. B. forces us to clear for them, but they refuse to clear for us. We must send our items to the city banks; but the city banks charge us interest on the 'float' of items sent them for collection. They have us coming and going. How do you like it?

"The F. R. B. furnishes books, stationery, postage and clerical force in handling these items for the city banks. Besides this the city banks have our exchange earnings to add to their profits. How do you like that?

"If our city contemporaries are thus to profit doubly by this new arrangement, would it be asking too much of them to request a raise in the rate on daily balances? As a matter of fact, were we organized, we might, perhaps, do a little 'collective bargaining' on our own account to offset, in a measure, the work of the city clearing house combinations that we are up against.

"Is a charge for exchange legitimate? Exchange is one of those commonplace things, like water, whose value is not appreciated. Had a currency shipment been required for every out-of-town purchase for the last half-century, farmers might still be making their own shoes. Exchange is almost as important a public service as transportation. Exchange is the medium through which the city has annexed the country trade. It is the door through which the city reaches the pocketbooks of the country. It has been opened to all by the country bankers who have built their institutions in the far-away places. Through its use, cities have grown and prospered and the country as well.

"Exchange, moreover, is the country banker's chief item of expense. To it he must charge checks, drafts, stationery, postage, books and bookkeeping. It is strange, therefore, that a country bank's right to compensation for the performance of one of its chief functions in such an important and expensive a public service should ever be questioned.

"Who should pay for this service? The country buyer or the city merchant? That is immaterial to us. We charge the party who purchases the draft. If the country buyer buys a draft we can charge him for it. If the city merchant feels that his profit is such that he can accept an out-of-town check and undertake its collection we can charge him or his bank for the draft. Exchange is our stock in trade. We will sell it over the counter or by mail order, and in either case we are certainly entitled to compensation. If, on the other hand, we wish to remit part or all of the exchange charges either to our customers or to our correspondents that is our prerogative. But to be forced to do it by an outsider is simply confiscation.

"Since the defeat of Prussianism in the recent war we have frequently been reminded of the old Indian belief that if he killed an enemy in battle the strength of the vanquished passed to the victor.

"We have been reminded also that might makes right and that the fittest survive.

"If we state bankers have not the class spirit, the group instinct to band together for mutual protection, we are not the fittest. We may become an extinct species.

"The time to act is now. If you let this occasion pass they have you on the run.

"We appeal to all state bankers, whether or not they are affected by this ruling, to join their fellow-bankers in defense of their rights. This exchange question may be a small affair but it is just big enough to threaten the integrity of the state banks. It is a governmental usurpation that should be contested."

What George W. Rogers Says

George W. Rogers, vice-president of the American Bank of Commerce and Trust Company of Little Rock, says: "In regard to this par collection business, I think the state banks have sinned away their day of grace. You know when you were a boy and used to thumb the old deck, after the game was over you used to say, 'No post-mortems.' Never mind telling about what might have been, because after you shuffle the deck and pass the cards, somebody else has the deal. Now, when the Federal Reserve Act was originally passed by the House in 1913, that was the time to act. You will please

PLEASANTS COUNTY BANK

DAILY BALANCE JOURNAL AND LEDGER

DAILY SUMMARY

DATE

	DAILY TOTALS	LEDGER BALANCES DAILY	DAILY TOTALS	
TOTAL CHECKS	413883	15814310	373292	TOTAL DEPOSITS {NET OVERDRAFT TOTAL
CERTIFICATE OF DEPOSIT no 4188 $32.50; 10052 5.00; 10060 30.00	6750	16210308	6893	CERTIFICATE OF DEPOSIT Register
COLLECTION AND EXCHANGE		2672		COLLECTION AND EXCHANGE
DISCOUNT		212207	11240	DISCOUNT Reg
INTEREST REC'D		120985	2324	INTEREST REC'D 3 coupons
INTEREST PAID Certif of Dep no 4188 1.25; 10060 1.23	248	(93710)		INTEREST PAID
EXPENSE Telephone		(80475)		EXPENSE
BILLS RECEIVABLE	722358	(27574666)	715295	BILLS RECEIVABLE Reg
CASH {Today Yesterday		(1547279)	24076	CASH {Yesterday 15713.25 Today 15472.79
CHASE NAT'L New York Remittance	55955	(924824)	192568	CHASE NAT'L New York Remittance 100.00 Register 1825.68
WOOD CO. BANK Parkersburg R	9117	(679532)	1461	WOOD CO. BANK Parkersburg R
FIRST NAT'L Sistersville R	40023	(26741)	25419	FIRST NAT'L Sistersville R
REAL ESTATE TR. CO. Pittsburg R	130477	(1524152)	42371	REAL ESTATE TR. CO. Pittsburg Reg
NATL. EX. BANK Wheeling R	1440	(629822)	21697	NATL. EX. BANK Wheeling R 5.00 R 211.97
FIRST NAT'L. BK. Marietta, O. R	23455	(225329)	29528	FIRST NAT'L. BK. Marietta, O. R
CENTRAL BK. AND T. CO. Parkersburg		(481198)	850	CENTRAL BK. AND T. CO. Parkersburg R
DOMINION TR. CO. Pittsburgh				DOMINION TR. CO. Pittsburgh
NATL. BANK OF W. VA. Wheeling		(70)		NATL. BANK OF W. VA. Wheeling
CITIZENS NATL. Parkersburg		33825	16247	CITIZENS NATL. Parkersburg
First Natl Parkersburg	182568	0	22453	First Natl Parkersburg
Union Tr + Dep Co		(154931)		Union Tr + Dep Co
CAPITAL		50000		CAPITAL
SURPLUS		22000		SURPLUS
PROFIT AND LOSS		444121		PROFIT AND LOSS
RENT		27		RENT
SAFETY DEP. BOX				SAFETY DEP. BOX
REAL ESTATE		(13500)		REAL ESTATE
FURNITURE AND FIXTURES		(5000)		FURNITURE AND FIXTURES
STOCKS AND BONDS		(6880)		STOCKS AND BONDS
CERTIFIED CKS.		900		CERTIFIED CKS.
DIVIDEND 550 50	2400	0		DIVIDEND
	1488684	(40131128) 40131128	1488684	

remember that several did act and put a numer of dents into the Act by their work before the Senate, all of which I believe was beneficial to the country and to the reserve system. Then you will remember that when the bill finally passed and the collection system was put in by the Federal Reserve Board a number of the bankers still continued to act and object. You will remember that a few wanted to take court action, but only such action as would compel the Federal Reserve Board and reserve banks to obey the letter of the law. You know at that time the law that was passed by Congress was strictly impractical and unworkable. Now, with all that this bunch of more or less active bankers could do they could not create any real sentiment among the state bankers in the country, and matters rocked along and finally Congress amended the act so that now, I believe, the Federal reserve banks are operating strictly in compliance with the law. I think that if our friends had waked up from five to seven years ago and had given some very small percentage of their attention to this matter that they are giving now, we would have had the matter all settled, but I think the day of grace has been sinned away, and I don't think anything can be done at the present time except by Congressional action, which I believe would be impossible to obtain."

Simplified Bookkeeping

Cashier E. A. Sayre of the Pleasants County Bank of St. Mary's, W. Va., a good state banker, has devised and copyrighted a simplified form of daily balance journal and ledger which is illustrated on the preceding page of the JOURNAL. The plan is to show debits in red ink, but as red cannot be reproduced in ordinary photo-engraving and printing the debits in the illustrated form are enclosed in parentheses. Mr. Sayre explains his system as follows:

"The daily summary is the basis of bank accounting and is easily and quickly handled—a complete form, nothing lacking, no transfers, no trouble to begin.

"1. It contains every item of the day's work, singly or condensed from registers or letters.

"2. The entries are brought direct from registers, remittance letters and memoranda slips, no rewriting, no posting, no indexing.

"3. It contains all the ledger balances of the day proved. Dr. balances are in red. When red is used, the Dr. and Cr. balances are in one column, thus saving a column of space. Two columns may be used. These balances are obtained by operating on previous day's balance, adding, subtracting, etc.

"4. The day's work being finished, and the bank wishing to go further, condenses a month's work, carrying the daily totals, each day, to a monthly summary, four or five minutes a day, condensing a whole month's business. The month's work done, it is carried into a yearly summary, a few minutes' work for each month, a year's business in a nutshell. A five-year, ten-year, or other period summary is very handy for a bank that cares to keep track of business.

"5. A daily summary is made up of 314 pages for a year, 628 pages for two years. Monthly summary 120 pages or more, yearly summary a sheet or two."

Work Both Ways

By Paul L. Hudson
Assistant Cashier First National Bank of Corona, Cal.

I HAVE real with interest numerous articles dealing with the Federal Reserve Inter-District Collection System and I would like to call to the attention of your readers one point, which most country bankers who are opposed to such a system have overlooked, or perhaps sidetracked.

They are not willing, nor can they see the necessity of performing the same service for their customers, that they expect and have been receiving from their city correspondent for years. How many country banks would carry accounts with a city correspondent that derived a portion of its profits from exchange charged on its customers' drafts?

The practice of exchange has developed, more or less, into getting the other fellow before he gets you, and it is indeed a poor practice that will not work both ways. If certain country banks insist on charging exchange, why wouldn't it be well for all banks to, and if you collect 10 cents exchange and are charged 10 cents in return, we have nothing but the Federal Reserve Par System.

Federal Farm Loans for Porto Rico

THE provisions of the Federal Farm Loan Act, applicable only to continental United States, are sought by the terms of a bill introduced by Resident Commissioner Davila, of Porto Rico, to be extended to that island. The bill introduced during the first session of the present Congress has recently been reported favorably by the Committee on Banking and Currency of the United States House of Representatives.

As now written the law divides the United States into land bank districts, in each of which there is a Federal land bank located as designated by the Federal Farm Loan Board. Also, subject to the approval of the Board, any Federal land bank may establish branches within its land bank district. The bill and the report just mentioned propose that the Federal land bank of Springfield, Mass., shall establish a branch bank in Porto Rico, and that loans, instead of being made through locally organized associations of borrowers, shall be made by the branch bank direct. This departure from the existing system of making loans is proposed in anticipation of difficulties that would be encountered in an effort to establish farm loan associations in Porto Rico to handle the loans. Conditions are so different there that it is thought more satisfactory results will follow a plan of this sort. It, however, does not dispense with the cooperative feature of the law. Instead, it requires that each

borrower subscribe to the same amount of stock ($5 for each $100 borrowed) in the Springfield Land Bank as the present law requires a borrower to take in his farm loan association. Loans are to be limited there to $5,000 in amount and in time to twenty years, whereas in the United States they may run as high as $10,000 and have been, generally speaking, for thirty-three years and a fraction.

In Porto Rico land is held generally in small tracts. The 1910 census shows the land properties there to be 58,371, of which more than 20,000 were under five acres. Since that time there has been considerable selling to the larger holders, and the average size of farm property is given as thirty-eight acres.

In 1910 there were 46,000 farms cultivated by their owners. A 1917 census shows the total value of cultivated land to be $108,683,917. Sugar cane is the most widely grown product. Land valued at $43,000,000 is devoted to raising this crop, while pasture land is valued at $35,000,000 and coffee land at $14,000,000. Other products such as tobacco, pineapples, oranges, cocoanuts and small fruits are raised in comparatively small amounts.

Chamber of Commerce Delegates

DELEGATES to represent the American Bankers Association at the Atlantic City convention of the United States Chamber of Commerce to be held April 26-29 have been announced by G. E. Bowerman, general secretary. The appointments are as follows:

National Councilor, L. E. Pierson, Irving National Bank, New York. Delegates: L. L. Rue, Philadelphia National Bank, Philadelphia, Pa.; W. C. Hoppenheimer, Trust Company of New Jersey, Hoboken, N. J.; C. S. Calwell, Corn Exchange Bank, Philadelphia, Pa.; J. H. Fulton, National City Bank, New York; C. L. Farrell, National Newark & Essex Banking Company, Newark, N. J.; Joshua Evans, Jr., Riggs National Bank, Washington, D. C.; R. N. Harper, District National Bank, Washington, D. C.; H. B. Wilcox, Merchants-Mechanics First National Bank, Baltimore, Md.; William Ingle, Baltimore Trust Company, Baltimore, Md.

"The association has selected this delegation with a great deal of care," said Mr. Bowerman, "because we consider the question of production, which is to be the main issue of consideration at the convention, to be one of paramount interest and necessity. I know I speak for the entire membership of the A. B. A. when I say that if any means or method of cooperation can be devised at this meeting by which the bankers can assist in increasing the total production of the country, everyone of them stands ready and willing to participate in this work."

Registration at the Association Offices

REPORTED FROM FEBRUARY 26 TO MARCH 25, 1920

Bishop, A. G., president Genesee County Savings Bank, Flint, Mich.

Bishop, R. S., assistant cashier Genesee County Savings Bank, Flint, Mich.

Blair, W. A., vice-president Peoples National Bank, Winston-Salem, N. C.

Clement, John B., vice-president Central Trust Company, Camden, N. J.

Evans, Joshua, Jr., cashier Riggs National Bank, Washington, D.C.

Gerard, Sidney N., treasurer Citizens Trust Company, Pachogue, N. Y.

Gray, William J., vice-president First & Old Detroit National Bank, Detroit, Mich.

Harrison, M. W., executive manager Savings Bank Association of the State of New York, New York.

Houston, P. D., president American National Bank, Nashville, Tenn.

Hughes, William B., secretary Nebraska Bankers Association, Omaha, Neb.

Kaufman, R. O., vice-president and cashier, Union Bank & Trust Company of Montana, Helena, Mont.

Kydd, Burness, Canadian Bank of Commerce, Toronto, Canada.

Lersner, Victor A., comptroller Williamsburg Savings Bank, Brooklyn, N. Y.

McQuade, E. J., cashier Liberty National Bank, Washington, D.C.

Mountjoy, Edgar, assistant secretary National Bank Section, Washington, D. C.

Mullen, D. A., manager New Business Department, Colonial Trust Company, Pittsburgh, Pa.

Naumberg, Carl, assistant manager Bond Department, Henry L. Doherty & Company, New York, N. Y.

Page, William D., president First National Bank, Perry, N. Y.

Perry, Gardner B., vice-president National Commercial Bank, Albany, N. Y.

Radcliffe, William H., secretary and treasurer Rockland County Trust Company, Nyack, N. Y.

Rosenburg, M. D., president Bank of Commerce & Savings, Washington, D. C.

Runkle, Delmer, president Peoples National Bank, Hoosick Falls, N. Y.

Simpson, George W., Boston, Mass.

Stevens, C. W., assistant cashier Old Colony Trust Company, Boston, Mass.

Stites, John, president Louisville Trust Company, Louisville, Ky.

Welton, A. D., Continental & Commercial National Bank, Chicago, Ill.

White, Charles E., treasurer The Savings Bank of New London, New London, Conn.

Membership Changes

REPORTED FROM FEBRUARY 26 TO MARCH 25, 1920

There are frequent changes which come about through consolidations, mergers, liquidations and changes of title. The General Secretary of the Association would appreciate receiving from members notice of any changes which occur, for the purpose of keeping the membership list correct and giving publicity through the columns of the JOURNAL.

Arkansas	Texarkana	State Savings & Trust Company consolidated with State National Bank.
California	Hollywood	Hollywood National Bank succeeded by Security Trust & Savings Bank.
	Newman	First National Bank in liquidation.
Dis. of Columbia	Washington	Liberty Savings Bank converted into Liberty National Bank.
Florida	Orlando	Peoples National Bank changed to First National Bank.
Georgia	Atlanta	Third National Bank succeeded by Citizens & Southern Bank.
Illinois	Rockford	Winnebago National Bank absorbed by Rockford National Bank.
	Sibley	Sibley Bank changed to Sibley State Bank.
	Witt	Oland National Bank changed to First National Bank.
	Woodstock	McHenry County State Bank converted to Woodstock National Bank.
Iowa	Sioux City	Northwestern National Bank changed to Sioux National Bank.
Kansas	Pratt	National Bank of Pratt changed to First National Bank.
Louisiana	Basile	Basile State Bank succeeded by Bank of Basile.
	Elton	Peoples Bank succeeded by First National Bank.
Maryland	Cumberland	Dime Savings Bank merged with Third National Bank as Liberty Trust Company.
Massachusetts	Northampton	Hampshire County National Bank changed to Hampshire County Trust Company.
Minnesota	Minneapolis	First & Security National Bank changed to First National Bank.
Mississippi	Aberdeen	Aberdeen National Bank succeeded by Commercial Bank & Trust Company.
New York	Hartwick	Kinne, Bush & Company succeeded by Hartwick National Bank.
	Malone	Peoples National Bank converted into Peoples Trust Company.
New York	New York	Irving Trust Company and Branche converted to New York National Irving Bank.
North Dakota	Beulah	State Bank of Zap, Zap, N. D., consolidated with First State Bank, Beulah.
Ohio	Columbus	Lincoln Savings Bank Company succeeded by Citizens Trust & Savings Bank, Lincoln Branch.
	Dayton	Farmers & Merchants Bank absorbed by City Trust & Savings Bank.
	Elyria	National Bank of Elyria changed to First National Bank.
	Kent	City Banking Company changed to City Bank.
	Rocky River	Rocky River Savings & Banking Company succeeded by Guardian Savings & Trust Company.
Oklahoma	Picher	First National Bank closed.
Pennsylvania	Philadelphia	Olney Bank changed to Olney Bank & Trust Company.
	Wilkes-Barre	Dime Deposit Bank changed to Dime Bank, Title & Trust Company.
South Carolina	York	First National Bank consolidated with Peoples Bank & Trust Company.
Texas	Perryton	Perryton National Bank, Ochiltree, Texas, now same at Perryton.
	Stamford	Citizens National Bank succeeded by Guaranty State Bank.
	Waco	Central Texas Exchange National Bank changed to Central National Bank.
Virginia	Newport News	Colonial State Bank in hands of receiver.
	Penniman	First National Bank in voluntary liquidation.
Washington	Ritzville	Pioneer National Bank consolidated with First National Bank.
Wisconsin	Chaseburg	Chaseburg State Bank, Vernon, should be at Chaseburg.
Hawaii	Honolulu	Bishop & Company changed to Bank of Bishop & Company.
	Honolulu	Bank of Honolulu merged with Bank of Bishop & Company.

New and Regained Members from February 26 to March 25, 1920, Inclusive

Alabama

Brent Banking Co., Brent.
Citizens Bank, Carbon Hill.
Peoples Bank, Collinsville.
Citizens Bank & Trust Co., Elkmont.
Citizens Bank & Security Co., Fort Payne.
Farmers National Bank, Geneva (regained).
First National Bank, Guntersville.
Farmers & Mechanics Bank, Mobile.
First National Bank, Oxford.
Pell City Bank & Trust Co., Pell City (regained).
Bank of Pollard, Pollard (regained).
First Bank of Red Level, Red Level.
Bank of Rogersville, Rogersville.
Farmers & Merchants Bank, Samson.
Planters Bank & Trust Co., Thomaston.

Arizona

First State Bank, Patagonia.
E. G. Caruthers State Bank, Somerton.
Security Bank & Trust Co., Tucson.

Arkansas

Citizens Bank & Trust Co., Batesville (regained).
Bank of Black Rock, Black Rock (regained).
First National Bank, Clarksville (regained).
Van Buren County Bank, Clinton (regained).
First National Bank, Dardanelle (regained).
State Bank of Decatur, Decatur.
Bank of Delight, Delight (regained).
Doddridge State Bank, Doddridge.
Bank of Evening Shade, Evening Shade.
Izard County Bank, Guion.
Bank of Joiner, Joiner.

Arkansas—Continued

State Bank of Leola, Leola.
Luxora Banking Co., Luxora.
Bank of Malvern, Malvern.
Bank of Commerce, Marianna.
First National Bank, Marked Tree (regained).
Farmers & Merchants Bank, Mountain Home.
Bank of Ozan, Ozan (regained).
Paragould Trust Co., Paragould.
Simmons National Bank, Pine Bluff (regained).
Bank of Plainview, Plainview (regained).
Bank of St. Charles, St. Charles.
Peoples Bank, Searcy (regained).
First National Bank, Springdale (regained).
Peoples Bank, Stephens.
Bank of Wilson, Wilson.
Cross County Bank, Wynne (regained).

California

First National Bank, Arcadia.
Merced Security Savings Bank, Atwater (regained).
First National Bank, Beverly Hills.
Peninsula Bank, Burlingame.
San Leandro State Bank, Centerville.
Southern County Bank, El Monte.
Industrial Bank, Fresno.
Hanford National Bank, Hanford (regained).
Bank of Hopland, Hopland (regained).
Bank of Hueneme, Hueneme (regained).
Bank of Santa Maria, Los Alamos.
Stephens & Co., 521 Spring St., Los Angeles.
First National Bank, Orange Cove.
Citizens Savings Bank, Pasadena.
Stephens & Co., Union Bldg., San Diego.

California—Continued

Stephens & Co., 625 Market St., San Francisco.
Bank of Lemoore, Stratford.

Colorado

Farmers State Bank, Bovina.
Broomfield State Bank, Broomfield.
First National Bank, Fleming.
Hudson State Bank, Hudson.
First State Bank, Meeker.
First State Bank, Nunn.
Orchard State Bank, Orchard.
Security State Bank, Sheridan Lake.

Connecticut

Salisbury Savings Society, Lakeville.

District of Columbia

North Capitol Savings Bank, Washington (regained)
Seventh Street Savings Bank, Washington (regained).

Florida

B. F. West & Co., Bankers, Avon Park (regained).
Branford State Bank, Branford (regained).
Callahan State Bank, Callahan.
Bank of Delray, Delray (regained).
Security State Bank, Fort Lauderdale.
Security State Bank, Fort Ogden.
Frostproof State Bank, Frostproof.
Bank of Greenwood, Greenwood (regained).
Bank of Groveland, Groveland (regained).
Lake Butler Bank, Lake Butler.
State Bank of Lakeland, Lakeland (regained).

Florida—Continued

Peoples Bank, St. Cloud.
Highlands Bank & Trust Co., Sebring.
Union State Bank, Winter Park.

Georgia

Citizens & Southern Bank, Atlanta (regained).
Empire Trust Co., Atlanta (regained).
Southern Banking Co., Atlanta.
Bank of Barwick, Barwick (regained).
Bank of Bullochville, Bullochville.
Butler Banking Co., Butler.
Farmers & Merchants Bank, Cairo.
Bank of Cave Spring, Cave Spring (regained).
Citizens Bank, Claxton.
Hammock Rish Bank, Edison (regained).
Luther Williams Banking Co., Macon.
Bank of Molena, Molena (regained).
Berrien County Bank, Nashville.
Farmers Bank, Nicholls.
Bank of Pineview, Pineview (regained).
Farmers & Merchants National Bank, Rockmart (regained).
Peoples Bank, Soperton.
Sparta Savings Bank, Sparta.
Bank of Trion, Trion.
Bank of Ty Ty, Ty Ty.
Merchants & Planters Bank, Whigham.

Idaho

Butte County Bank, Arco.
Eden State Bank, Eden (regained).
Boise Basin Bank, Idaho City.
Anderson Bros. Bank, Idaho Falls (regained).
First National Bank, Montpelier (regained).
Stockmen's National Bank, Nampa.
First National Bank, Roberts.
Bank of Vollmer, Vollmer.

Illinois

Bank of Apple River, Apple River (regained).
First Trust & Savings Bank, Augusta.
Beardstown State Bank, Beardstown.
First National Bank, Beardstown (regained).
First Bank of Brownfield, Brownfield.
Farmers Bank, Burgess.
First National Bank, Carterville.
Marine Trust Co., Carthage.
State Bank of Chenoa, Chenoa (regained).
Lake State Bank, 186 N. State St., Chicago.
Madison & Kedzie State Bank, Chicago (regained).
Milwaukee-Irving State Bank, Chicago.
Second North Western State Bank, Chicago.
S. W. Straus & Co., Inc., Chicago (regained).
Bank of Easton, Easton (regained).
First National Bank, Eldorado.
First State & Savings Bank, Elmwood.
Farmers State Bank, Equality.
First State Bank, Fisher.
Whiteside County State Bank, Fulton.
Galena National Bank, Galena (regained).
Farmers National Bank, Geneseo.
Grafton Bank, Grafton.
Farmers State Bank, Greenfield.
Farmers State Bank, Havana.
Bank of Hebron, Hebron.
State Bank of Lebanon, Lebanon.
State Bank of Long Point, Long Point.
Farmers State Bank, Loraine.
Union Trust Co., Madison.
Maywood State Bank, Maywood.
Farmers & Traders Bank, Meredosia.
National State Bank, Metropolis.
Morton State Bank, Morton.
M. S. Ayars & Co., Moweaqua.
First National Bank, Oakford.
First State Bank, Ohio.
Olive Branch Bank, Olive Branch.
First National Bank, Oneida.
Bank of Oquawka, Oquawka.
Peoples State Bank, Orangeville.
Plymouth State Bank, Plymouth.
Reddick State Bank, Reddick.
Rockford Trust Co., Rockford.
First National Bank, Sandoval.
City National Bank, Shawneetown.
Sublette Exchange Bank, Sublette.
First National Bank, Tampico.
Farmers Bank, Troy Grove.
Walnut Bank, Walnut.
First National Bank, Westfield.
Farmers & Merchants Bank, West Union.
First National Bank, Wyanet.

Indiana

Alert State Bank, Alert.
Stone City Bank, Bedford (regained).
Farmers State Bank, Camden (regained).
Bank of Chalmers, Chalmers (regained).
Peoples Banking Co., Darlington.
Liberty Trust Co., Elkhart.
The Deckmann State Bank, Ferdinand (regained).
Fishers National Bank, Fishers.
Bank of Fredericksburg, Fredericksburg.
American State Bank, Gary.
City Trust Co., Indianapolis.
Peoples State Bank, Jasonville.
State Farmers Bank, Keystone.
Farmers State Bank, Knox (regained).
Larwill Bank, Larwill.
Peoples State Bank, Michigantown.
Monroe City State Bank, Monroe City.
New Augusta State Bank, New Augusta.
Farmers Bank, New Lisbon.
Citizens State Bank, Newport.
North Liberty State Bank, North Liberty.
First National Bank, Oakland City.
Farmers Bank, Plainville (regained).
Bank of Poland, Poland.
Citizens Trust & Savs. Bank, Princeton (regained).
Bank of Reynolds, Reynolds.
Union National Bank, Richmond (regained).
Vallonia State Bank, Vallonia.
Indiana Loan & Trust Co., Warsaw.
Purdue State Bank, West Lafayette.
Peoples State Bank, Windfall.
Farmers Bank, Wyatt.

Iowa

Albion Savings Bank, Albion (regained).
Shaffer State Bank, Altoona.
Atkins Savings Bank, Atkins.
State Savings Bank, Bassett.
Farmers Savings Bank, Birmingham.
State Bank of Buckeye, Buckeye.
Citizens Savings Bank, Cambridge.
Chapin Savings Bank, Chapin.
Citizens State Savings Bank, Cincinnati.
State Savings Bank, Clarksville.
Climbing Hill Savings Bank, Climbing Hill.
Farmers National Bank, Corning.
Farmers Savings Bank, Cushing (regained).
Citizens Savings Bank, Dallas Centre.
Danbury Trust & Savings Bank, Danbury.
Farmers State Bank, Denison (regained).
Dundee Savings Bank, Dundee.
Farmers Trust & Savings Bank, Emmetsburg (regained).
Forest City National Bank, Forest City.
First National Bank, Gilmore City.
Gruver Savings Bank, Gruver.
Hills Savings Bank, Hills.
Union State Bank, Keota.
Littleport Savings Bank, Littleport.
First National Bank, Lost Nation.
Farmers & Miners Bank, Lucas.
Peoples Savings Bank, Marengo.
Bank of Morton Mills, Morton Mills.
Nichols Savings Bank, Nichols.
Norwalk State Bank, Norwalk.
Parnell Savings Bank, Parnell.
Citizens State Bank, Panora (regained).
Peoples Trust & Sav. Bank, Perry.
Persia Savings Bank, Persia.
Peoples Savings Bank, Plover.
State Bank of Prairie City, Prairie City (regained.)
Farmers State Bank, Scranton.
Sherrill Savings Bank, Spechts Ferry P. O., Sherrill.
First Trust & Savings Bank, Sumner.
Sunbury Savings Bank, Sunbury.
Farmers Savings Bank, Thor.
Citizens State Bank, Waukon.
First Trust & Savings Bank, Wheatland.
State Savings Bank, Yetter.

Kansas

State Bank of Abbyville, Abbyville.
Commercial State Bank, Abilene.
Andover State Bank, Andover.
Home State Bank, Anthony.
Citizens State Bank, Arlington (regained).
Barnes State Bank, Barnes (regained).
Beattie State Bank, Beattie (regained).
Mitchell County State Bank, Beloit.
Farmers & Merchants State Bank, Burrton.
Gray County State Bank, Cimarron (regained).
Farmers State Bank, Clay Center (regained).
Citizens State Bank, Cleveland.
Climax State Bank, Climax.
First National Bank, Coats.
Peoples State Bank, Coldwater (regained).

Kansas—Continued

Citizens State Bank, Council Grove.
Cunningham State Bank, Cunningham (regained).
Elbing State Bank, Elbing.
Ash Valley State Bank, Larned P. O., Ely.
Emmett State Bank, Emmett.
Frederick State Bank, Frederick (regained).
Bank of Green, Green (regained).
Farmers State Bank, Hardtner.
Harveyville State Bank, Harveyville.
Huron State Bank, Huron.
Iuka State Bank, Iuka (regained).
Moffet Bros. National Bank, Larned (regained).
Lawton State Bank, Lawton.
State Bank of Lillis, Lillis (regained).
Ludell State Bank, Ludell (regained).
Farmers State Bank, Luray.
Bank of McCracken, McCracken (regained).
Farmers State Bank, Madison.
Farmers & Stockmens State Bank, Manhattan.
Farmers National Bank, Mankato.
Menlo State Bank, Menlo.
Milan State Bank, Milan.
Farmers State Bank, Oakley.
Farmers State Bank, Olsburg.
Farmers & Merchants State Bank, Pawnee Rock (regained).
American State Bank, Peabody.
Pierceville State Bank, Pierceville.
Rexford State Bank, Rexford.
Rosalia State Bank, Rosalia.
Citizens State Bank, Seneca (regained).
Farmers State Bank, Stockton.
Bank of Commerce, Udall.
Vesper State Bank, Vesper (regained).
Wallace County State Bank, Wallace.
Wayside State Bank, Wayside.
Wellsville Bank, Wellsville.
Citizens State Bank, Westmoreland.
Peoples State Bank, Wichita.
Kansas State Bank, Wilburton.
Wilmot State Bank, Wilmot.
Citizens State Bank, Winchester.

Kentucky

Citizens Bank, Albany.
Citizens Bank, Brodhead.
Citizens Deposit Bank, Calhoun.
Webster County Bank, Clay (regained).
Whitley National Bank, Corbin.
First National Bank, Dry Ridge (regained).
Farmers & Drovers Bank, Eminence.
Bank of Fordsville, Fordsville.
State National Bank, Frankfort (regained).
Ghent Deposit Bank, Ghent.
First National Bank, Glasgow.
Glendale Banking Co., Glendale (regained).
Bank of Golden Pond, Golden Pond.
Farmers Bank & Trust Co., Hardinsburg.
Bank of Estill Co., Irvine.
First State Bank, Irvington.
Island Deposit Bank, Island (regained).
Lebanon Junction Bank, Lebanon Junction.
Fayette National Bank, Lexington (regained).
Farmers Deposit Bank, Middleburg.
Citizens National Bank, Monticello.
Peoples Bank, Mount Vernon.
Citizens Bank of Jessamine, Nicholasville.
Farmers & Traders Bank, Owensboro.
Madison National Bank, Richmond (regained).
Citizens National Bank, Russellville.
Sacramento Deposit Bank, Sacramento.
Allen County National Bank, Scottsville.
Citizens National Bank, Somerset.
Sparta Deposit Bank, Sparta.
State Bank of Stearns, Stearns.
Farmers Bank, Vine Grove.
Citizens Bank, Waddy.
Bank of Whitesville, Whitesville.

Louisiana

Bank of Alto, Alto.
Commercial Bank, Arcadia.
Planters Bank, Cheneyville (regained).
Bank of Grand Cane, Grand Cane.
First State Bank & Trust Co., Independence.
Sabine State Bank, Many.
Oakdale Bank & Trust Co., Oakdale.
Citizens State & Savings Bank, Patterson (regained).

Maine

Eastern Trust & Banking Co., Dexter.
Limerick National Bank, Limerick.
Eastern Trust & Banking Co., Old Town.

Maryland

The Harford Bank, Del Air (regained).
Church Hill Bank, Church Hill.
Farmers & Merchants State Bank, Denton.
Glen Burnie Bank, Glen Burnie.
Bank of Marion, Marion Station (regained).
Owings Bank, Owings.
Truckers Savings Bank, Pittsville.
Eastern Shore Trust Co., Prince Frederick.
Solomons Bank, Solomons.
Second National Bank, Towson.
Vienna Bank, Vienna.

Massachusetts

Eliot Savings Bank, Boston.
Fidelity Trust Co., Washington Branch, Boston.
Fall River Trust Co., Fall River.
Lee Savings Bank, Lee (regained).
Somerville Inst. for Savings, Somerville.
Wellfleet Savings Bank, Wellfleet.

Michigan

Arcadia State Savings Bank, Arcadia (regained).
Climax State Bank, Climax.
Bank of Detroit, Grand River Branch, Detroit.
Bank of Detroit, Jefferson Branch, Detroit.
Escanaba National Bank, Escanaba (regained).
Genesee County Savings Bank, Fourth Ward Branch, Flint.
Exchange Bank of Haslett, Haslett.
Farmers Savings Bank, Milford.
Union State Bank, Mio.
Montgomery State Bank, Montgomery.
Bank of Oakley, Oakley.
First Commercial Bank, Pontiac (regained).
National Bank of Pontiac, Pontiac.
Farmers Exchange Bank, Prescott.
Rockwood State Bank, Rockwood.
Farmers & Merchants State Bank, Sebewaing.
Sebewaing State Bank, Sebewaing.
Ealy, Kinney & Co., Silverwood.

Minnesota

Farmers National Bank, Alexandria.
Citizens State Bank, Barrett.
Farmers State Bank, Bejou.
Farmers State Bank, Bemidji.
Farmers State Bank, Burr.
First National Bank, Campbell.
Securities State Bank, Campbell.
Farmers State Bank, Climax.
First State Bank, Dayton.
Peoples State Bank, De Graff.
State Bank of Delft, Delft.
Farmers National Bank, Dodge Center.
Riverside State Bank, Duluth.
Farmers State Bank, Echo.
First National Bank, Fairmont.
Farmers State Bank, Gatzke.
Peoples State Bank, Glencoe.
Farmers National Bank, Glyndon.
First National Bank, Grand Meadow (regained).
State Bank of Grandy, Grandy.
First State Bank, Grove City.
Grant County State Bank, Herman.
Farmers State Bank, Iona (regained).
First National Bank, Iona.
State Bank of Isle, Isle.
First National Bank, Jordan.
Farmers State Bank, Kettle River.
State Bank of La Salle, La Salle.
First State Bank of Little Fork, Little Fork.
State Bank of Milan, Milan (regained).
Lincoln Trust & Savings Bank, Minneapolis.
Mill City State Bank, Minneapolis.
University State Bank, Minneapolis.
Western State Bank, Minneapolis.
Nassau State Bank, Nassau.
State Bank of New Ulm, New Ulm.
State Bank of Norcross, Norcross.
State Bank of Oakland, Oakland.
State Bank of Ogilvie, Ogilvie.
Ortonville State Bank, Ortonville.
Farmers & Merchants State Bank, Perley.
State Line Bank, Prosper.
Peoples State Bank, Rochester.
State Bank of Rockford, Rockford.
State Bank of Sacred Heart, Sacred Heart.
Farmers & Merchants State Bank, St. Paul.
Great Northern State Bank, St. Paul (regained).
Solway State Bank, Solway.

Minnesota—Continued

Onsgard State Bank, Spring Grove.
Farmers & Merchants State Bank, Stewart.
Farmers State Bank, Stockton.
Farmers & Merchants State Bank, Strandquist.
Farmers State Bank, Vergas.
First National Bank, Waconia.
Soo State Bank, Wahkon.
Wayzata State Bank, Wayzata.
State Bank of Westport, Westport.
Winger State Bank, Winger (regained).
State Bank of Winthrop, Winthrop.
Winton State Bank, Winton (regained).
Farmers & Merchants State Bank, Zimmerman.

Mississippi

Monroe Banking & Trust Co., Aberdeen (regained).
Bank of Brookville, Brookville (regained).
Bank of Clinton, Clinton.
Bank of Coldwater, Coldwater.
Merchants & Farmers Bank, Columbus (regained).
State Bank of Como, Como.
Merchants & Farmers Bank, Crenshaw.
Duck Hill Bank, Duck Hill (regained).
Bank of Guntown, Guntown (regained).
Bank of Hollandale, Hollandale (regained).
Peoples Bank, Jonestown.
Liberty Bank, Liberty (regained).
Bank of Mize, Mize (regained).
Peoples Bank & Trust Co., North Carrollton.
Okolona Banking Company, Okolona.
Farmers Bank, Osyka (regained).
Merchants & Planters Bank, Raymond (regained).
Bank of Richton, Richton (regained).
Bolivar County Bank, Rosedale.
Planters Bank of Shaw, Shaw (regained).
Bank of Sledge, Sledge.
Bank of Tallahatchie, Sumner.
The Peoples Bank, Sumner (regained).
Bank of Toccopola, Toccopola.
Bank of Utica, Utica (regained).
Vaiden Bank, Vaiden (regained).

Missouri

Farmers Bank, Agency.
The Bank of Amity, Amity (regained).
Farm & Dairy Bank, Barnhardt.
Bank of Bertrand, Bertrand (regained).
Bland Commercial Bank, Bland (regained).
Farmers Trust Co., Braymer (regained).
Cooper County Bank, Bunceton (regained).
First National Bank, Burlington Junction.
Farmers & Merchants Bank, Chula.
Citizens Bank, Clarksville (regained).
Farmers Bank, Clarkton.
Coffey Farmers Bank, Coffey.
Bank of Creighton, Creighton.
Bank of Darlington, Darlington (regained).
Citizens State Bank, De Kalb (regained).
Peoples State Bank, Dodson.
Bank of Drexel, Drexel (regained).
Bank of Eolia, Eolia.
Bank of Exeter, Exeter.
Bank of Farmington, Farmington (regained).
Farmers Bank, Farmington (regained).
Fayette Bank, Fayette (regained).
Farmers Bank, Forest Green (regained).
Foristell Bank, Foristell.
Farmers Bank, Foster.
Farmers & Merchants Bank, Frankford.
Bank of Gifford, Gifford (regained).
Farmers Bank, Grandview.
Granger Exchange Bank, Granger.
Farmers Bank, Hamburg.
Hardin Trust Co., Hardin (regained).
Bank of Hartsburg, Hartsburg.
Holland Bank, Holland.
Merchants & Planters Bank, Hornersville.
Hume State Bank, Hume (regained).
Farmers & Merchants Bank, Hunnewell.
Hurdland State Bank, Hurdland (regained).
Bank of Hurley, Hurley.
Commercial Bank, Jamesport.
Bank of Jamestown, Jamestown (regained).
American State Bank, Kansas City.
Metropolitan Bank, Kansas City.
Farmers Bank, Kidder.
Bank of Kirksville, Kirksville.
Commercial Bank, Liberty (regained).
Kochan Banking Co., Maysville.
Bank of Mendon, Mendon.
Mercer State Bank, Mercer.

Missouri—Continued

T. A. Miller State Bank, Miller.
Morrison Bank, Morrison.
Commercial State Bank, Mt. Washington.
Newburg State Bank, Newburg (regained).
Parma Bank, Parma.
Bank of Pickering, Pickering.
Peoples Bank, Queen City.
Bank of Richwoods, Richwoods.
State Bank of Sarcoxie, Sarcoxie.
First National Bank, Savannah (regained).
Peoples National Bank, Seymour (regained).
Farmers Bank, Skidmore (regained).
Bank of Slater, Slater.
Stark City Bank, Stark City (regained).
Farmers Bank, Stover.
Citizens Bank, Sturgeon.
Farmers Bank, Urich (regained).
Carter County Bank, Van Buren.
Exchange Bank, Vandalia.
Villa Ridge State Bank, Villa Ridge (regained).
Bank of Warren County, Warrenton.

Montana

Bole State Bank, Bole.
Northern National Bank, Great Falls.
West Side State Bank, Great Falls (regained).

Nebraska

Farmers State Bank, Agnew (regained).
Citizens State Bank, Albion.
Allen State Bank, Allen.
Bank of Bayard, Bayard.
Bank of Beaver City, Beaver City.
Mangold & Glandt Bank, Bennington.
Citizens State Bank, Blair.
First National Bank, Bristow.
Broadwater Bank, Broadwater.
Farmers & Merchants Bank, Bruno.
Farmers State Bank, Cedar Rapids.
Farmers & Merchants Bank, Ceresco.
State Bank of Ceresco, Ceresco.
Bank of Creighton, Creighton.
Farmers State Bank, Dodge (regained).
Farmers State Bank, Eagle.
Pioneer Bank, Ewing (regained).
State Bank of Harbine, Harbine.
Farmers State Bank, Hardy.
Farmers State Bank, Helvey.
First State Bank, Holstein.
State Bank of Huntley, Huntley.
American State Bank, Loup City.
McGrew State Bank, McGrew (regained).
Macon State Bank, Macon.
First National Bank, Marquette (regained).
Nebraska State Bank, Milligan.
Murray State Bank, Murray (regained).
Farmers Bank, Nebraska City.
Farmers State Bank, Newman Grove (regained).
Bank of Pauline, Pauline (regained).
Farmers State Bank, Scotia.
Farmers Bank, Stapleton.
Saunders County National Bank, Wahoo (regained).
Farmers State Bank, Wallace.
Farmers State Bank, Wolbach (regained).

Nevada

First National Bank, Elko (regained).
Bank of Pioche, Pioche (regained).

New Hampshire

Hillsboro Bridge Guaranty Savings Bank, Hillsboro.

New Jersey

First National Bank, Bradley Beach (regained.
Linden National Bank, Linden.
First National Bank, Roebling.

New York

Marine Trust Co., Central Park Branch, Buffalo.
First National Bank, Champlain (regained).
State Bank of Churchville, Churchville.
Bank of Depew, Depew.
Citizens National Bank, Freeport.
Fultonville National Bank, Fultonville.
Kingston Trust Co., Central Branch, Kingston.
National Mohawk Valley Bank, Mohawk.
John Nemeth State Bank, New York.
American Trust Co., Jamaica, New York (regained).
Falls National Bank, Niagara Falls.

New York—Continued

Nassau County National Bank, Rockville Center (regained).
Citizens National Bank, Poland.
Ford & Enos, Wilder Bldg., Rochester (regained).
First National Bank, Southampton (regained).
National Bank of Waterville, Waterville.

North Carolina.

Angier Bank & Trust Co., Angier.
Bank of Atkinson, Atkinson.
Merchants & Farmers Bank, Bakersville (regained).
Farmers Bank, Belhaven (regained).
Page Trust Co., Carthage.
Farmers Bank & Trust Co., Cherryville (regained).
Bank of Bladen, Clarkton.
Cabarrus Savings Bank, Concord.
Bank of Fairmont, Fairmont.
Farmers Bank & Trust Co., Forest City (regained).
Bank of Fuquay, Fuquay Springs.
Farmers & Merchants Bank, Granite Quarry.
Citizens Bank, Halifax (regained).
Haynes Bank, Henrietta.
Bank of Holly Springs, Holly Springs.
Bank of Lilesville, Lilesville (regained).
Bank of Marshville, Marshville.
Mebane Bank & Trust Co., Mebane (regained.
Bank of Pikeville, Pikeville.
Bank of Proctorville, Proctorville (regained).
Farmers Banking & Trust Co., Robersonville (regained).
Merchants & Farmers Bank, Rowland (regained).
Bank of Roxobel, Roxobel.
Bank of Sparta, Sparta.
Farmers & Merchants Bank, Williamston (regained).
Martin County Savings & Trust Co., Williamston (regained).
Peoples Bank, Williamston (regained).
Farmers Bank & Trust Co., Winston-Salem.
Bank of Winton, Winton (regained).

North Dakota

First National Bank, Abercrombie.
Security State Bank, Bonetraill (regained).
Farmers State Bank, Braddock.
Crocus State Bank, Crocus.
First State Bank, Crystal Springs.
Delamere State Bank, Delamere.
First State Bank of Denhoff, Denhoff.
Dodge State Bank, Dodge.
Farmers State Bank, Drake.
State Bank of Edinburg, Edinburg.
First National Bank, Fessenden.
Equity State Bank, Golden Valley.
Farmers Bank, Leonard (regained).
State Bank of Lehr, Lehr.
Farmers Equity State Bank, Mandan.
Bank of Sanborn, Sanborn.
First National Bank, Sharon.
Scandinavian American State Bank, Van Hook (regained).
First State Bank, Velva.
American Exchange Bank, Watford City.
Farmers State Bank, Watford City.

Ohio

Alexandria Bank Co., Alexandria.
Beach City Banking Co., Beach City.
First National Bank, Bellaire (regained).
Bolivar State Bank, Bolivar (regained).
First National Bank, Chesterhill.
First National Bank, Cumberland.
Preble County National Bank, Eaton (regained).
Commercial Bank, Frankfort.
First National Bank, Gallipolis (regained).
Glenford Bank, Glenford.
Junction City Banking Co., Junction City.
Peoples Commercial Savings Bank, London (regained).
Farmers Bank, McCutchenville.
Farmers & Merchants Bank, Malinta.
Farmers Bank, Martinsville.
Peoples Savings Bank, New Knoxville.
First National Bank, New Paris (regained).
First National Bank, Pandora.
Pickerington Bank, Pickerington.
Pioneer Banking Co., Pioneer.
Pleasant Hill Banking Co., Pleasant Hill (regained).
Polk State Bank, Polk (regained).
Farmers State Bank, Port Washington.

Ohio—Continued

Central National Bank, St. Paris (regained).
Citizens National Bank, Tippecanoe City (regained).
Peoples Bank Co., Versailles.
South Side Savings Bank, Youngstown.

Oklahoma

Farmers & Merchants National Bank, Achille (regained).
Citizens National Bank, Antlers (regained).
Custer County State Bank, Arapaho (regained).
First National Bank, Blue Jacket (regained).
Bank of Buffalo, Buffalo (regained).
Caddo National Bank, Caddo (regained).
Bank of Cameron, Cameron.
Farmers State Bank, Cashion (regained).
First National Bank, Cashion (regained).
First State Bank, Clarita (regained).
Collinsville National Bank, Collinsville (regained).
Bank of Crowder, Crowder (regained).
Farmers State Bank, Glencoe.
Citizens Bank, Grove.
First National Bank, Haworth.
Cimarron County Bank, Kenton (regained).
First State Bank, Ketchum (regained).
Kildare State Bank, Kildare.
First State Bank, Lovell (regained).
Martha State Bank, Martha.
First State Bank, Orr (regained).
Porter State Bank, Porter.
State Bank of Reeding, Reeding.
State Bank of Rocky, Rocky.
First State Bank, Savanna (regained).
First National Bank, Spiro (regained).
Farmers State Bank, Texhoma (regained).
First State Bank, Wister (regained).
First National Bank, Woodville.

Oregon

Mosier Valley Bank, Mosier.
E. G. Young & Co., Oakland.
Montavilla Savings Bank, Portland (regained).
Eagle Valley State Bank, Richland.
First National Bank, Scappoose.

Pennsylvania

Allentown Trust Co., Allentown.
Fort McIntosh National Bank, Beaver.
First National Bank, Claysburg (regained).
First National Bank, Davidsville.
Elverson National Bank, Elverson (regained).
Fredonia National Bank, Fredonia (regained).
First National Bank, Glen Campbell (regained).
Ickesburg State Bank, Ickesburg.
Silver Creek State Bank, Silver Creek P. O., New Philadelphia.
Citizens Banking Co., Oil City (regained).
First National Bank, Oil City (regained).
Franklin Trust Co., West Philadelphia Branch, Philadelphia (regained).
Dormont Bank, South Hills Branch, Pittsburgh.
Hill Top Savings & Trust Co., Pittsburgh.
National Union Bank, Reading (regained).
First National Bank, Renovo (regained).
First National Bank, Shenandoah (regained).
Union National Bank, Souderton (regained).
First National Bank, Wampum (regained).

South Carolina

National Bank of Abbeville, Abbeville (regained).
Farmers & Merchants Bank, Anderson (regained).
Bank of Marlboro, Bennettsville (regained).
Burroughs Bank & Trust Co., Conway.
Farmers & Merchants Bank, Coward.
Bank of Edgefield, Edgefield (regained).
Farmers & Merchants Bank, Ehrhardt.
Woodside National Bank, Greenville.
Bank of Heath Spring, Heath Spring.
Jefferson Bank, Jefferson.
Farmers & Merchants Bank, Johnsonville.
Bank of Williamsburg, Kingstree (regained).
Farmers Bank & Trust Co., Lancaster.
First National Bank, Lancaster (regained).
Enterprise National Bank, Laurens.

South Carolina—Continued

Planters Bank, Marion (regained).
Bank of Oates, Lamar P. O., Oates.
Farmers Bank, Parler.
Bank of Shelton, Shelton (regained).
Bank of Summerville, Summerville.
Bank of Swansea, Swansea.
Peoples Bank & Trust Co, York (regained).

South Dakota

State Bank of Bemis, Bemis.
First State Bank, Buffalo.
Dimock State Bank, Dimock.
First State Bank, Ferney.
First State Bank, Lake City.
Bank of Lily, Lily (regained).
Loomis State Bank, Loomis.
Miranda State Bank, Miranda.
Clark County Bank, Naples (regained).
Shindler State Bank, Shindler.
Guaranty State Bank, Sisseton.
Whitbeck & Holmes Bank, Vivian.
Wagner State Bank, Wagner.
First Loan & Trust Co., Yankton.

Tennessee

Peoples Bank, Alamo.
Merchants & Miners Bank, Copperhill.
Peoples Bank, Dresden.
Miners State Bank, Ducktown (regained).
Peoples Savings Bank, Henderson.
First National Bank, Jefferson City.
Peoples National Bank, McMinnville.
First Savings Bank & Trust Co., North Nashville Branch, Nashville (regained).
Peoples Bank, Ridgely (regained).

Texas

Addison State Bank, Addison.
Russell Exchange Bank, Annona.
Guaranty State Bank, Ashland.
Farmers & Merchants State Bank, Aubrey.
Continental State Bank, Beckville.
Blanket State Bank, Blanket.
Bank of Bradshaw, Bradshaw.
First State Bank, Burnet.
Guaranty State Bank, Carrizo Springs.
Farmers State Bank, Center.
Guadalupe Valley Bank, Center Point.
Donley County State Bank, Clarendon.
First State Bank, Colorado (regained).
State Bank of Cookville, Cookville.
Citizens State Bank, Corrigan.
Continental State Bank, Crowley.
Guaranty Bank & Trust Co., Dallas.
First State Bank, De Kalb.
Dilley State Bank, Dilley.
Dublin National Bank, Dublin.
Bonnet Banking Co., Eagle Pass.
Union State Bank, East Bernard.
Citizens State Bank, El Campo.
First National Bank, Farmersville.
City National Bank, Forney.
Frisco Guaranty State Bank, Frisco.
Citizens State Bank, Frost.
First State Bank, Garrison.
First National Bank, Giddings.
Glen Flora State Bank, Glen Flora.
Guaranty State Bank, Goose Creek.
First National Bank, Hearne.
Guaranty State Bank, Hooks.
First State Bank, Hubbard.
Hull State Bank, Hull.
First Guaranty State Bank, Jacksonville.
First National Bank, Knox City.
First State Bank, Kosse.
Cameron County Bank, La Feria.
Guaranty State Bank & Trust Co., Lufkin.
First National Bank, McAllen (regained).
First National Bank, Matador.
Citizens State Bank, Memphis.
First State Bank, Mount Calm.
Citizens National Bank, Navasota.
First Guaranty State Bank, Oklaunion.
First State Bank, Olden.
State Bank of Omaha, Omaha.
First State Bank, Perrin.
Citizens National Bank, Petty.
First National Bank, Purdon.
Richards State Bank, Richards.
Continental State Bank, Rising Star.
First State Bank, Roaring Springs.
First Guaranty State Bank, Robert Lee.
First State Bank, Roby.
First State Bank, Rocksprings.
John A. Nelson & Co., Round Rock.
Sacul Guaranty State Bank, Sacul.
Commercial Guaranty State Bank, San Augustine.
First State Bank, Sulphur Springs.
Guaranty State Bank & Trust Co., Sulphur Springs.
Guaranty State Bank, Sunset.
First Bank of Swenson, Swenson.
First State Bank, Sylvester.

Texas—Continued

First State Bank, Tell.
Guaranty State Bank, Thornton.
Turkey State Bank, Turkey.
First Guaranty State Bank, Vernon.
Wildorado State Bank, Wildorado.
Tyler County State Bank, Woodville.
First National Bank, Wortham.
First National Bank, Wylie.

Utah

Bank of Heber City, Heber (regained).
Halloran-Judge Trust Co., Salt Lake City.

Virginia

Marine Bank, Chincoteague Island.
Bank of Jarratts, Jarratt (regained).
Bank of Phenix, Phenix (regained).
Merchants & Farmers Bank, Portsmouth (regained).
John L. Williams & Sons, Bankers, Richmond (regained).
Day and Night Bank, Roanoke.
Bank of Salem, Salem.
Bank of Sugar Grove, Sugar Grove.
Wise County National Bank, Wise (regained).

Washington

Bothell State Bank, Bothell.
Army Bank of Greene Park, Camp Lewis (regained).
Commercial Bank, Conconully (regained).
Elberton State Bank, Elberton (regained).
Bank of Elma, Elma (regained).

Washington—Continued

Lyman State Bank, Lyman (regained).
Opportunity State Bank, Opportunity.

West Virginia

Commercial Bank, Bluefield.
Farmers Bank of Pendleton, Franklin.
First National Bank, Middlebourne.
Citizens National Bank, Morgantown (regained).
First National Bank, Newburg.
Citizens Bank, Nitro.
First National Bank, Parkersburg (regained).
Pullman State Bank, Pullman.
Farmers & Producers National Bank, Sistersville.
Wallace Bank, Wallace (regained).

Wisconsin

Security State Bank, Amherst Junction.
Big Bend State Bank, Big Bend.
Citizens State Bank, Birchwood.
Bloomington State Bank, Bloomington.
First National Bank, Boyceville.
Farmers State Bank, Brandon.
State Bank of Eau Claire, Eau Claire.
State Bank, Elcho.
Citizens State Bank, Fond du Lac.
Farmers State Bank, Frederic.
Jim Falls State Bank, Jim Falls.
State Bank of La Valle, La Valle.
Lyndon State Bank, Lyndon Station.
Farmers & Merchants Bank, New Holstein P. O., Marytown.
Bank of Oregon, Oregon.

Wisconsin—Continued

Plain State Bank, Plain.
Farmers State Bank, Pound.
Ripon State Bank, Ripon.
Sarona State Bank, Sarona.
Springbrook State Bank, Springbrook.
Farmers State Bank, Stetsonville.
Farmers State Bank, Sullivan (regained).
Trempealeau Valley State Bank, Taylor.
Farmers State Bank, Waupaca.

Wyoming

State Bank of Big Piney, Big Piney (regained).
Stockmen's Bank, Gillette.
Hulett State Bank, Hulett (regained).
Lander State Bank, Lander (regained).
Saratoga State Bank, Saratoga.

Quebec, Canada

Canadian Bank of Commerce, Branch, Montreal (regained).

Mexico

Federico & Guillermo Kunhardt, Guadalajara, Jalisco.
Patrico Milino e Hijos, Monterey, Nuevo Leon.
Manuel A. Marenco, Cordoba, Vera Cruz.
Lacaud & Son, Bankers, Tuxpam, Vera Cruz.

Porto Rico

Banco de Ponce, Ponce (regained).
National City Bank of New York, Ponce.